DAY CARE: ITS IMPORTANCE TO SMALL BUSINESS

HEARING

BEFORE THE

SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

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DAY CARE: ITS IMPORTANCE TO SMALL BUSINESS

WEDNESDAY, JUNE 8, 1988

House of Representatives,
Subcommittee on Exports, Tourism,
and Special Problems,
Committee on Small Business,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:05 a.m., in room 2359-A, Rayburn House Office Building, Hon. Norman Sisisky (chairman of the subcommittee) presiding.

Present: Chairman Sisisky; Representatives Skelton, Wyden, Lancaster, and Ireland.

Mr. Skelton [presiding]. Our subcommittee will come to order.

Today, I have two distinct pleasures. One of the good things about being around and in Congress for a while is that nice things happen more and more. The first honor, of course, is this hearing that our subcommittee is holding today on a very, very important and very timely issue of child care and small business. The second honor involves my good friend through the years, our distinguished colleague, Congressman Norman Sisisky, from the great State of Virginia, but I will get to him in just a moment.

A growing problem, and therefore a major concern for Congress, is the need to have adequate child care to ensure that our work force is stable and well-served and that our children are nurtured properly in this age of two income families. This is especially a problem for small businesses who frequently employ these second earners but may have a problem if they are required to either supply day care or contribute to the cost of a large-scale day-care-type program.

This hearing will offer the opportunity for us to discuss these problems and the policy that the Federal Government should adopt. We need to know the scope of the problem and what recommendations small businesses make for Federal involvement. These are items that should be considered by Congress. With us today are witnesses representing the executive branch, the State of Virginia, academia, and all of these are to provide some background for our consideration on exactly what the problem is and what governmental action may be required.

In addition, we are pleased to have a number of our colleagues here today to share their respective proposals with them and with us. This includes Lynn Martin and our friend Ron Wyden, from Oregon.

There have been some good indications that small businesses are rising to the challenge of establishing child care alternatives by developing innovative, cost-effective child care businesses. We will hear today about some programs that are so successful they are being used as industry recruitment tools by communities where they are located. In effect, these communities are saying, relocate or start up your business in our community, and we will solve your problems concerning child care. As a side benefit, these innovative programs provide employment to the community, they allow employees to work at their most efficient level by freeing them from worry about their children, and they earn a profit through better use of existing resources.

The negligible cost to the Government is of particular significance in this period when reducing the budget deficit is a top priority.

For small businesses this issue is a very important one. There is a strong correlation between lack of day care for workers' children and tardiness, quality of work, quality of products, and the services of the employees. We think that this hearing will shed some light on the need for various reasonable alternatives.

Now, we come to the second honor that is bestowed on me today, one that I told you about a few moments ago, and that is to turn the reigns of this subcommittee, which I have chaired now for several years, over to my good friend Norman Sisisky. I can't think of anyone who has earned the trust of his fellow Members and his colleagues any more than Norman.

As you know, I have chosen, Mr. Chairman, to be here. I have chosen to remain a member of your subcommittee, in part, because like you I believe that the issues that we deal with in this subcommittee are terribly important, and there is another reason, and that is because your active participation in these issues doesn't start now, but it has been one of the past.

I might also mention, Norm, there is a gentleman seated to your left who came to Congress with me several years ago, who is the ranking minority member of the subcommittee, who you will find as very active, very bright, very cooperative, and does share your concern about these issues that you will face as chairman. So, I commend my friend Andy Ireland to you.

I also wish the people here to know that this is not only a special day when Mr. Sisisky becomes chairman. This is also his birthday, and I think it is very fitting that on this day we have a birthday present for him. I will ask Diane Worthington of his staff to step forward, please.

Diane has laid before me a box from his staff, and Diane Worthington is your person on this subcommittee.

It gives me a great deal of pleasure to present to you this gavel with your name "Norman Sisisky, Mr. Chairman, June 1988." As a memento from your staff, it is a thrill for me to give this to you.

And now, Mr. Chairman, the baton is yours.

Chairman Sisisky. Thank you, Ike.

It is very strange. It is my birthday, and I guess I got to be chairman on my birthday for my first meeting. That I am so young to be serving in Congress.

As I look around this room—this is a strange phenomenon. We are going to be talking about child care, and I want you to look up at this platform here. All four Members sitting on the platform, and one testifying, are members of this horrible Armed Services Committee. It is a strange phenomenon that we should be interested in child care. But, believe me, we are.

To my colleague Ike Skelton, who I served with for the last 6 years on Armed Services, and Andy Ireland, I think, for the last 4 years on Armed Services, and, of course, Mrs. Martin just got on there, I do thank you for this very high honor to be chairman of this group.

I am pleased to be joining you today in these proceedings. On behalf of the subcommittee and those in attendance I thank you, Mr. Chairman, and the ranking minority member, Andy Ireland, for your foresight in calling this hearing.

Let me also thank each of you on the subcommittee, and our colleagues who will be participating as witnesses in a short while, for the interest and leadership you have demonstrated in the area of child care and for your presence here today. Our gratitude and praise extends also to our distinguished witnesses from Federal and State governments, as well as the private sector, who soon will share with this subcommittee testimony that I am certain will be an important addition to the discussion on child care policy.

President Kennedy once noted that "a child miseducated is a child lost." That warning, it seems to me, applies similarly to the issue we are discussing today, "Day Care in America."

Essentially, what we are here to consider is the well-being of our Nation's children. When all is said and done, our actions will be judged by how well we have cultivated safe and nurturing environments for these children when they are left in the care of others besides their parents. To fail in this task means jeopardizing the lives of tomorrow's leaders, and thus our Nation's future. We simply cannot fail, nor will we fail, as long as our children's best interest remains our first priority.

Getting answers to many questions here today and more is the purpose of this hearing. I feel confident that the testimony received here will be most useful in that regard.

I would ask unanimous consent that the entire transcript of my opening statement be placed in the record, without objection.

[Chairman Sisisky's opening statement may be found in the appendix.]

Chairman Sisisky. Now I will ask the ranking minority member, Congressman Ireland, for an opening statement.

Mr. Ireland. Thank you, very much, Mr. Chairman, and congratulations to you on acquiring all that equipment and the fancy box there that you have.

To your predecessor, Mr. Skelton, who did an outstanding job, the only thing you forgot to do is to mention that it was I who turned the gavel over to him in the first place when I used to reside——

Mr. Skelton. Sit on that side of the aisle.

Mr. Ireland [continuing]. On that side of the aisle over there.

Mr. Skelton. Right.

Mr. **Ireland**. Mr. Chairman, as you know, the genesis of this hearing was a meeting I had sometime ago with one of today's witnesses, Becci Bookner, director of the Extended School Program of the Murfreesboro, TN, school system. In this time of repeated calls for massive Federal expenditures to address our Nation's growing day-care problem, I was greatly impressed by her, what she was able to do in a school system at basically no cost to the taxpayer. I know the members present today will be most impressed with her testimony.

In addition, this morning we will hear from several other excellent witnesses on the subject of day care and its importance to small business. With the day-care movement rapidly gaining momentum, it certainly is the time for our subcommittee to address this important issue from the small business perspective.

I should also like to note for the record, Mr. Chairman, our colleague, John Hiler—who has not arrived yet—and his efforts on the Child Care Task Force of the House Republican Conference. That Task Force bill will be introduced today and will address many of the issues that will be raised here this morning.

Mr. Chairman, I look forward to this morning's hearing and in particular to the testimony concerning the many innovative things being done in this area around the country by concerned citizens. I will be particularly concentrating on the options to suggestions made by many that professional and quality day care cannot exist without massive Federal taxpayers' expenditures, and also that low-cost, affordable day care for the most part is a myth and not a reality. I think this morning's testimony will provide a great deal of interest and interesting information in both of these areas.

Thank you.

Chairman **Sisisky**. Thank you. Mr. Lancaster, do you have an opening statement?

Mr. **Lancaster**. Just briefly, Mr. Chairman. First of all, I want to join the others in welcoming you and in telling you how much we look forward to serving under your leadership as chairman of this subcommittee.

I am happy that in your first meeting as chairman you have chosen to address the problem of providing day-care services to our working mothers and fathers across the land. This is certainly an increasing problem as evidenced by the volume of mail, that seems to grow exponentially, from my constituents on the problem of day care and reflects the frustration that parents feel as they try to meet the requirements of work and, at the same time, adequately care for their children.

It is a real problem. It, perhaps, is a more difficult problem for small business people than for big business, and I am glad that this subcommittee is going to address innovative ways that small business people can meet this need and still remain profitable.

It is an impressive witness list that you have gathered together, and I certainly look forward to hearing from these people.

Chairman **Sisisky**. Thank you very much.

I would ask unanimous consent that an opening statement by Congressman Bilbray be placed in the record, without objection.

[Mr. Bilbray's opening statement may be found in the appendix.]

Chairman **Sisisky**. OK, let's start. This morning we have two of our colleagues here, and I know they have a busy schedule. But, of course, after you testify, if you would like to sit and watch, we would be delighted to have you up here or down there.

First, the one who came in the door first. I would ask Congressman Wyden, from Oregon. It is all yours.

TESTIMONY OF HON. RON WYDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. **Wyden**. Thank you very much, Mr. Chairman, and congratulations as well on the chairmanship. Congressman Skelton is really the bionic man. Just a few days ago, he was with me in Oregon, and he has reappeared here today. It is a pleasure to be with both of you, and, of course, our colleagues, Andy Ireland, and Martin Lancaster as well.

Mr. **Skelton**. The gentleman should know that I feel like a bionic man, too. But it was a thrill to be out there with you at the foot of Mt. Hood.

Mr. **Wyden**. You are kind, and we will lure the new chairman out there as well.

Mr. Chairman, my Subcommittee on Regulation and Business Opportunities held a field hearing in Portland on the Impact of Child Care on Small Business. We heard from witnesses ranging from parents and child care providers to small business owners and labor leaders.

There was one message that really leaped out at us, and it was a consistent theme throughout the hearing, and that is that all of our witnesses indicated that they felt that the Federal Government ought to be a better partner in trying to make child care programs work in our country.

Now, with respect to the bottom line, I think it is clear that there is a dramatic connection between the blessed event and the bottom line. We see this several different ways. A number of studies have indicated that problems related to child care cost employers about 3 percent in foregone productivity per employed parent per year. Moreover, there was another study done recently by Fortune Magazine that indicated that problems with child care are the number one cause of difficulties in worker productivity. So, we have two recent signs that problems related to child care dramatically show up in the bottom line of our small businesses.

Mr. Chairman, I would ask that my remarks be part of the record and would really try to highlight just four points that I think go right to the heart of the child care debate.

The first deals with the Federal role in child care, and Congressman Ireland talked about it. I would hope that the Federal Government's role would really be to catalyze State, local, and private action. We shouldn't be trying to run child care programs from Washington, DC. The Federal Government can't be the national nanny. We shouldn't try to federalize the system. But I think the Federal Government can play a constructive role in being a catalyst to develop child care programs in our country.

The second point that I would say, Mr. Chairman, is that I think that the bulk of the actual tax dollars that are used in child care programs ought to be targeted at the low-income population. If we do that, we do two things. One, it seems to me, we help particularly with this welfare death trap that our country has gotten in where a lot of the parents want to get off welfare, but they can't because they lack child care, and so they face this question of either being at home and taking care of their kids or trying to go to work and not being able to pay for child care, and maybe coming out behind when they go to work. The other benefit, of course, in addition to helping those parents particularly get off welfare is that, if we target the bulk of the tax dollars to that population, that population is going to be able to pay for child care services, and many of the people they are going to be paying are small businesses. Many of the child care providers are small businesses. So, I think the case for putting the bulk of the tax dollars into the low-income population has two benefits along the lines that I mentioned.

The third thing that I would say is that I think the key for looking at programs that will be effective is flexibility. We have to have enough flexibility so that programs can be tailored to the needs of their community. I am convinced that what works in Portland may not necessarily be what works in a small town in the rural part of the Midwest. We have, for example, a chance to do some very innovative things. One of the things that I have been looking at is the idea that, perhaps, some small businesses that are located very close to each other could go in together on a child care program. It helps to spread some of the costs. You can do that if you are flexible. You can't if you just try to federalize everything or run it all from Washington, DC.

The fourth point that I would mention is that I think of the major child care bills that have been introduced. The ABC bill is one major bill. There are two principal bills that offer tax credits—the Holloway bill and the Hatch-Johnson bill. Frankly, all of them have a number of attractive kinds of qualities. The ABC bill, it seems to me, is very attractive in that it tries to target that low income population, I think, and help us get some people off welfare. The Holloway bill and the Johnson bill in terms of offering tax credits particularly may be a way to get some small businesses into the effort that may not otherwise be possible.

What I would hope we do as we proceed in the Congress to deal with this is look at the possibility of trying to build a bipartisan package that incorporates the best features of these major bills. Each of them have some attractive qualities, and I think if we look at trying to take the attractive qualities from each we will be able to build responsible legislation.

The only other point that I would mention, Mr. Chairman, is that in addition to dealing with the cost issues we are going to have to focus on how to beef up the quality of child care services. I think that this ought to be a public-private sector kind of partnership. Again, not having the Federal Government play the entire role, but I think the Federal Government ought to be in the business of setting some minimum standards. I think there ought to be some minimum standards to ensure a basic floor of protection for the kids who are getting care in these programs. I would prefer to have such an effort be actually implemented at the State and local level, but I do think there needs to be some guidelines with respect to the care.

I think, Mr. Chairman, if I go on any longer it will be a filibuster, and I didn't intend it. But I think the policy issue here is real clear. We can either pay now with effective child care programs, or we can pay later when we try to pick up the pieces, whether it is remedial education, whether it is law enforcement costs, or what have you. I am committed to working with you, our ranking minority member, and our colleagues to get a good bipartisan approach that can effectively tackle this terribly important issue.

[Mr. Wyden's statement may be found in the appendix.]

Chairman SISISKY. Thank you, Ron, and without objection we will put your statement in the record. I might add that Mr. Wyden is a member of this committee, the Small Business Committee, as well as Energy and Commerce.

Now, a little different perspective, in targeting at least. May we hear from our colleague, Lynn Martin, from Illinois.

TESTIMONY OF HON. LYNN MARTIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mrs. MARTIN. Thank you. Happy birthday, and, as a true present, as I said in my card to you, Mr. Chairman, I will not sing, which should be a relief to the entire audience.

Chairman SISISKY. Amen.

Mrs. MARTIN. We have traveled occasionally on Armed Services trips, and I make that promise. It is much appreciated by my colleagues.

It is good to be here today and, inadvertently, to have the support of my colleague, because I am here to report on a bill that would allow small businesses to get involved in child care.

I have my testimony, and you will receive copies of it. It is good testimony. I am going to just take from it and say a few things that will, I think, affect this subcommittee.

Chairman SISISKY. Without objection, your statement will be put in the record, Lynn.

Mrs. MARTIN. Thank you. My bill does not compete with the big bills, Hatch, Johnson, any of them, and I am sure they are marvelous answers. The problem is that there is this facility for the Congress, for instance, to talk about, understandably, how do we help the welfare mother, and that obviously requires Federal funding. It speaks to kind of an organized child care. My bill doesn't do that. It doesn't claim to answer that problem, nor does it claim to answer the BMW, two-lawyer family with nanny, and prams, and how do I get my kid into prep kindergarten. Either extreme it doesn't say.

What it actually does is talk about normal people. Now there is one other thing. A majority of us here may be on the Armed Services Committee, but I would also point out a majority of you all are male. Yet, child care, and we can keep going around it, guess who takes care of the kids, and guess who picks them up, and drops them off. Everybody at this table who have regularly driven a carpool raise their hand. Da-da.

[Mrs. Martin and Mr. Wyden raised their hand.]

Mrs. MARTIN. Regularly.

[Laughter.]

Mrs. MARTIN. You don't get to count going to see them play in the rhythm. It is the everyday stuff that gets at you. So, I bring an odd perspective. I am going to ask you to just for a moment think about the fact that all of you have malls in your district. Or even if you are from cities, you have strips of commercialization. But for a moment let us say the ever-present mall where two-thirds of America's teenagers receive their education.

Aside from that, look around at who works there. If they are retail establishments, they are women. They do not make $50,000 a year. They also are not welfare mothers. Many of them, in fact, are classic two-parent families, but many of them are single mothers. In fact, in those same malls you are seeing another phenomenon—women starting their own businesses. These are not the chains. What else you find is they barely have enough time to survive, and the mall owners, unlike Chrysler, unlike General Electric, aren't going to set up, and haven't set up, giant child care—internal, big business child care centers, which have worked.

So, how do we help them? My bill, in effect, lets them combine without fear. Very small—it says a couple of things—businesses you can get together to form an onsite or nearsite child care center. You get the tax credit for doing so—2-year project. There are some grants, $1.6 million a year. Forget the $30 billion or the $3 billion—$1.6 million a year. We see how it works. It might have that odd effect of actually helping somebody.

Right now, as a Member of Congress, if I owned in my hometown at North Town Mall one of the shops, I wouldn't have an idea in the world how to start a day-care center. I would be scared to death of doing it by my myself. This says we will help you try it. It doesn't answer the liability crisis, which is another issue I know you all are concerned with. But it does provide kind of a step-by-step how to that we can then examine, and we can look toward.

I have been on committees long enough to know you do an enormous amount of work for which you get no credit. I am asking you to look at it not as the answer to child care, but as a potential for actually helping women who are working that could be in a small industrial center, it could be in a retail center, it could be in a strip that is being organized in an inner city, it could be in an old town part of the suburbs, and it might actually work.

I might also add that I think some of the other bills are looking at including it, but it can also stand alone. I would ask for your interest. I think this is the committee of jurisdiction, but more than that, the committee who understands that for women small business is the answer, both for their employment and for their opportunity. So, it is most fitting that this committee cares so much about child care and its effects.

Thank you.

[Mrs. Martin's statement may be found in the appendix.]

Chairman SISISKY. Thank you. You are correct, I might add. This bill has been referred to this committee. Of course, obviously, with the tax involved, you know where else it will be.

Mrs. MARTIN. Oh, yes.

Chairman SISISKY. But I can assure you that we will act on it in as much haste as we can. Thank you.

Are there any other questions from any member of the subcommittee?

Mr. LANCASTER. I have one, Mr. Chairman.

Mrs. Martin, does your bill require the cooperation of more than one small business, or could a small manufacturing company obtain a grant and the benefits of this legislation?

Mrs. MARTIN. No; a small manufacturing company, of course, could avail itself of current law, but this is for a consortium of businesses. Two or more.

Mr. LANCASTER. Thank you.

Chairman SISISKY. Are there any other questions?

Mr. IRELAND. Mr. Chairman, I don't have a question, but I like the thrust of what both of our witnesses have said today, and the emphasis on the two things that I think are so crucial are that it is very much a small business area, and also that here is a place for innovation. Congresswoman Martin's or Vice President Martin's, or however you are supposed to call her, has got the basic ingredients of a super idea, and I think once again this kind of thinking in America is the answer to the problem, and this is why I fear so much the idea that we have to create almost a whole new system parallel to the public school system for child care from infancy on up, with megabucks and megabureaucracy. Congressman Wyden, I think, hit the nail on the head when he said we just can't afford to have the Federal Government be the national nanny, and I think he set the tone for not only these hearings but for how we should deal with this whole subject matter in this country. I thank you.

Mrs. MARTIN. Thank you. Could I just add, please, truly the expertise of this subcommittee is sought I know by Congressman Wyden, who is a member, and by myself. Take this bill and turn it into whatever you want. I mean, the pride of authorship is always great, but not that great. What is important, I think, is that we have some way for small businesses, and we think this is fairly acute actually, but some way that they can work together, because it is very frightening for them. If you are the general manager of a store, you think, well, wait a minute, how do I do it? You just think it is going to be nothing but trouble. So, it isn't the same as the giant corporation, and it might actually help.

I cannot tell you how much I thank you for your interest in this, as a mother who used child care when I worked, and would in today's world be searching for a different kind of child care. I think you should be congratulated for actually saying let us go ahead and do something.

Chairman SISISKY. There is another very interesting part of your bill, and that is the National Advisory Commission on Public and Private Cooperative Child Care Efforts, which I like and which goes out of business once it submits the report.

Mrs. MARTIN. It sunsets, and it does something, Mr. Chairman, that you point out that we get accused of correctly. It actually says let us see if this thing works.

Chairman SISISKY. Right.

Mr. WYDEN. Mr. Chairman, if I could add just one other point that I think we might all be able to agree on. If the Small Business Committee and my subcommittee has been trying to do this, we could put together a collection of some of the innovative projects that are going on around the country. As the child care legislation is considered by the Congress we could even make a recommendation for some demonstration projects that might be expanded on. I think that one of the things that has become popular, particularly in the social area, is to, perhaps, be a little cautious at the outset but certainly to have in the title of any child care bill a section for innovative projects involving small business.

Chairman SISISKY. I read your bill last night.

Mrs. MARTIN. It kept you up all night.

Chairman SISISKY. You have eight demonstration projects?

Mrs. MARTIN. Yes; we do.

Chairman SISISKY. And that basically is what we are talking about.

Mrs. MARTIN. Geographic and deliberately picked not to be your district or mine, although we would welcome them—I am sure we all would—but to make sure that the one national project isn't just Arlington, VA, or Washington, DC. That what exists down in Norfolk, what exists in North Florida, what exists on the west coast, small town, medium-size town, let us see how they work. Not everything is inner city, and not everything is rural America. We are that wonderful mix, and we have to see how it works.

Chairman SISISKY. I thank both of you. We are very indebted to you to come here this morning, and you are certainly invited to spend some more time with us.

We are waiting for Congresswoman Collins to come. She had called that she is on her way. Did she say when she would be here?

We will ask our next witness, Ms. Linda Dorian, who is the executive director of the National Federation of Business and Professional Women's Clubs here in Washington. Ms. Dorian. Ms. Dorian isn't here this morning.

Our third panel would be the Federal response, Mr. Frank Swain, who is the Chief Counsel for Advocacy, the United States Small Business Administration here in Washington. Mr. Swain is on his way.

We have slow elevators in this building. It is terrible.

[Laughter.]

Chairman SISISKY. Actually, we have a State response, Secretary Teig. I don't think I saw her either. Congressman Cooper is not here.

If we will just stand at ease for a moment.

[A brief recess was taken.]

Chairman SISISKY. This is a special pleasure for me. It is not often that you get a chance to introduce one of your constituents to a congressional hearing. But our next witness is originally from Portsmouth, VA, which is in my district in Virginia, and she is now the secretary of human resources for the Commonwealth of Virginia, living in Richmond. It is a distinct pleasure to introduce to this subcommittee Ms. Eva Teig, secretary of human resources of Virginia.

Welcome, Eva.

TESTIMONY OF EVA TEIG, SECRETARY OF HUMAN RESOURCES, COMMONWEALTH OF VIRGINIA

Ms. Teig. Thank you, Congressman Sisisky, my Congressman, and members of the subcommittee. I am delighted to be able to participate today. I think the issues of child care are extremely important and critical in terms not only of human resources but economic development.

I am very proud to also be a part of the administration of Governor Gerald Baliles, who is deeply committed to the Commonwealth's economic growth and whose view of the whole day-care issue and child care issue is tied to economic development. At the regional level, with the Southern Growth Policies Board, Governor Baliles has encouraged and stimulated all kinds of economic development policies which will strengthen not only our Commonwealth of Virginia but America as well.

Within the Commonwealth, we have focused on policies that acknowledge the interdependence of economic development and human resources, human services, if you will, business, and family. Economic growth, in our opinion, is the most valuable social program yet devised, and child care is a very, very key component of that program.

In terms of the work force that we anticipate between now and the year 2000, it becomes even more critical that we find ways to stimulate more child care. Child care can be a very, very important and productive small business for those who want to enter it. We have to find ways to encourage more and more providers to participate in this business venture.

One of the things that was accomplished in Virginia during the past 12 months, was the establishment, under the Governor's leadership, of a corporate advisory group on child care. This group was extremely valuable in identifying key business issues related to child care. I would like to go over some of the main recommendations of this committee that served for over a year in identifying these issues.

One of the problems the business community has with child care is that there is really no central point in Government where they can go to get assistance for either setting up child care services, finding out more about what is available in their area, or what kind of other benefits companies are offering their employees in the area of child care. A recent survey we did showed that there is a whole list of different kinds of benefits different companies are offering their employees that relate to the child care issue. So, I think Government one-stop shopping incentives for States in partnership with the business community can be very helpful in focusing the business community on a faster turnaround in getting child care underway.

The other thing that I think is a very central point to the work of the Governor's corporate group was the identification of small businesses as a major target area in terms of involvement in child care issues. The big corporations, the manufacturing plants, the traditional larger businesses are very easily accessible in terms of this issue. Where we have a problem is with the many small businesses. In Virginia most of our businesses employ under, I believe it is 50 employees, and those are the kinds of businesses where we have to find ways to encourage either resource and referral-type activities for their employees, or pooling small businesses together so that they may find out what is available and can work in more of a network situation.

One of the other recommendations that the Corporate Commission made, of course, was for Government to set an example and to participate both on the Federal and State level in establishing their own child care programs for their employees. In Virginia we have several departments that are already in the planning stages for onsite child care facilities. We are also working on a study of a cafeteria-style benefits program for our State employees. Hopefully, the study will be completed by the end of the year, so we can look at child care benefits as a possible addition to public employees' benefits.

One of the barriers that the committee found was that infant care and latchkey care are problems that affect the productivity of their employees, the absenteeism rate, and the return to work. Infant care is especially important. Many employees now have to remain out of work because it is very difficult to find enough providers for infant care. So, in terms of the kind of child care that I think is more critically needed right now in terms of priorities it would be in the infant care area and the latchkey.

There is one other area that I think is very important, and that is what happens to sick children who may be unable to go to a child care center and who then, in turn, necessitate a parent being absent from work.

So, there are all kinds of issues related, but those, I think, would be the key issues.

Marketing of child care was also found to be something very, very important in terms of the business community and was one of their major recommendations. As a result of that recommendation, in Virginia the Governor's corporate advisory group will be hosting regional meetings in some of the growing urban-suburban areas and some of the rural areas and invite other employers from that area to hear from them, not from Government, but from their peers in the business community: First, the benefits of child care, second, how child care can get started, and third, where to go for technical assistance. Hopefully, these regional meetings could mushroom in the future into a more permanent-type of network within those regions for those employers.

Our office is doing a study this summer, which will be completed by this fall, of a one-stop business center in State government for a business person to call and get an instant response in terms of technical assistance to questions about child care.

One of the other areas that I think the corporate commission really wanted to emphasize is the area of vouchers. In other words, instead of every business having onsite child care, which is not a possibility, the voucher system could be something that could be translated into a benefit. It could give the parent more of a role in selecting and having flexibility in choosing child care providers. It would help, again, attract employees to that business and have them participating more productively in their work. So, I think the whole idea of using coupons or vouchers can be a very, very interesting one, especially if it is, for example, for the low-income working women or workers who need child care services. It can be adapted both for business or for Government or for a partnership of both. I think this is an area where we are doing some interesting research this summer, and we will be developing a voucher system for a model program.

Probably the greatest area that I think hinders economic development and ties into the child care issue is in the rural areas. We have several rural counties in Virginia where there is absolutely no child care at all, and so, when we have our economic development folks out there beating the bushes to bring businesses in there, at the same time we have a negative already in place, and so, it is sort of a catch-22 situation. We have a lot of restaurants in those areas, for example, that cannot find workers because of the child care issue. This summer we are sending a team into one rural county. We have put together what we hope will be a series of model alternatives on how to get child care started in a rural community, either by private providers or by nonprofit, whatever the case may be.

Finally, I think it is very, very important to stimulate the private sector in providing child care services, because child care can be a very effective business, a small business, but a very effective one which meets a need. It has tremendous growth potential in the future, and we need to recruit more providers. This is where, perhaps, Government can be sort of a stimulus, a facilitator for the recruitment and the provision of more day care/child care in communities, especially small businesses that can do it for a profit.

Sometimes we feel that those involved in working with children for profit have some sort of a problem, and I think that is not the case at all. We have some outstanding private providers within the Commonwealth. They are licensed. They are proud to be licensed. They have excellent facilities, and I think we can do more to stimulate this area not only as an area for business and its employees but as a business as well.

Mr. Chairman, in summary, that is sort of a general overview of some of the things that we are working on and some of the problems and potentials in this particular area. I would be glad to answer any more specific questions that you may have.

[Ms. Teig's statement may be found in the appendix.]

Chairman SISISKY. I thank you. Before I ask any questions of you, since you are a little early, if we could hear from our colleague, Congresswoman Collins, from Illinois, if you don't mind? You can sit right there. Then I am sure that some of the members may have questions for you.

Welcome, Cardiss. We appreciate having you here this morning.

TESTIMONY OF HON. CARDISS COLLINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mrs. COLLINS. Thank you very much, Mr. Chairman. I appreciate your flexibility in enabling me to speak at this time. I think it is a wonderful thing that you are holding this hearing, because it is essential that we begin to address the real issue of child care. This hearing provides me with an opportunity to express my support of efforts to provide child care for working parents.

I would also like to commend my colleague, the Honorable Lynn Martin, who hails from the great State of Illinois, the heart of America, for this enlightened and responsible attempt to deal with a very serious problem.

In addition to serving as a Member of Congress, I am a mother. Throughout the vast majority of my career I have been a working mother, so I know first hand the problems of finding adequate child care. I decided long ago that, if I were ever in a position to make a difference, one of my priorities would be to do all that I could to make child care more readily available to all working parents.

I am here today because I know it is going to take a bipartisan effort to bring into focus the kind of attention this problem deserves and to bring about the much-needed changes in the way America responds to the needs of its working parents. I am here also because I support the concept of providing grants and tax incentives to small business cooperatives to provide child care services for their employees.

I would like to share with you some statistics that graphically bear out the need for programs such as those envisioned in H.R. 4463. Over 55 percent of all women work outside the home, over 60 percent of them have children under the age 18, and 57 percent of women with children under the age of 6 are working. If current trends continue, in 1995 two-thirds of all preschool children will have mothers in the work force.

Only 2 percent of the Nation's employers offer onsite child care, and only 3 percent of the Nation's employers assist their employees with child care expenses. According to figures compiled by the Census Bureau and the Small Business Administration, 55 percent of all employees, which is nearly 48 million people, are employed by small businesses.

The supply of child care services is far below the demand, and even when available it is usually too expensive for families or single parents to comfortably afford. About a year ago, when I first became a grandmother, I learned that the average family pays about $3,000 per year for child care for each child. Last year, in an article entitled "Executive Guilt: Who Is Taking Care of the Children?" Fortune magazine did a survey that gave credence to what we have known all along: That "problems with child care are the most significant predictors of absenteeism and unproductive time at work." Fortune found, too, that corporations are beginning to discover that more and more of their most-valued employees are willing to sacrifice work time, productivity, and possibly even careers to devote themselves to family matters.

Similarly, the cover story in the recent issue of Nation's Business speaks to the "growing awareness that child care is linked to the Nation's economic health" and that businesses are already showing a growing interest in providing child care services to their employees. A 1987 survey by the Bureau of Labor Statistics estimated that about 25,000 or 2 percent of businesses with 10 or more employees sponsor day-care centers and an additional 35,000 provide financial assistance of some kind.

It is absolutely clear that businesses that offer at least some kind of child care assistance are reaping rewards, not only from reduced absenteeism and higher productivity, but from more successful recruitment, reduced turnover and tardiness, enhanced morale, and positive publicity.

To repeat, these studies have convincingly shown that the lack of child care services adversely affects the employer in many ways, and that a good child program helps the employer in each of these aspects and is a major factor in the economy of this country.

The Federal Government's response has been pathetic. Since 1981, child care funding has been cut by 20 percent, and remaining funds are spread over an ineffectual hodgepodge of disjointed and uncoordinated programs. No comprehensive Federal child care policy exists. In my efforts on this front—and my colleagues can attest that at times it feels more like a crusade—I have introduced a number of bills, including H.R. 95 calling for a comprehensive Federal child care program and H.R. 2644 calling for the Department of Health and Human Services to conduct a comprehensive study of the need and availability of child care. I have also offered amendments to the Department of Defense Authorization to have the Department carry out a study of the adequacy of child care services for the members of the Armed Forces and the civilian employees of the Department.

If the Federal Government is not going to provide funding to supply child care at adequate levels, then we must push for alternative approaches such as H.R. 4463, the bill that we are discussing today. If the Federal Government is not going to provide the needed service, let us help private industry do it.

Again, I commend you for holding this hearing, and commend my colleague for her initiative, and hope that we can convince other Members that the need for this legislation is critical and that passage is absolutely essential.

Thank you, Mr. Chairman.

Chairman SISISKY. Thank you, Cardiss. As you know, Congresswoman Martin and Congressman Wyden were here this morning already on the panel, and we are delighted to have you.

Are there any questions of Mrs. Collins?

Mr. IRELAND. I would like to address my colleague for a moment, if I could. Congresswoman Collins, in the testimony from Congressman Wyden, who was here before, he emphasized the need for the Federal Government's role—not to take words out of his mouth, but to characterize it as one of not being the national nanny but, at the same time, seeing that programs at the State and local level were coordinated. I would say—summarizing it—taking a position that it wasn't the Federal Government's role to provide the care. I would like to explore that with you.

I sense that you feel that the Federal Government should be providing the care, and that only because they don't, we should have these other programs. I wondered if you would elaborate a little bit on that, and we could get an insight into a different view.

Mrs. COLLINS. I feel that in some instances it is the role of the Federal Government to provide care; for example, for people who are not able to provide this care for themselves. You will recall that in the welfare reform legislation that we just passed here in the House of Representatives there is a provision for child care of $200 per month, for families that are far below the poverty line. This will enable a member of that family to get a job if lack of child care is a barrier to employment. I think that is very definitely a role of the Federal Government.

However, I do not believe that the Federal Government has to be the child care provider for every individual in the Nation. The Federal Government does, I believe, have a role to play in trying to coordinate all of the information from the various States. To have, perhaps, a national clearinghouse, so that anybody who is interested in child care or who has to move from one location to another, for example, or who wants to be providers can determine what kind of services are needed and where those services are needed. I think the Federal Government can certainly play that role, because we have all of the available technology to gather that kind of information.

When it comes to small businesses, for example, the Federal Government has a role to play. Inasmuch as they are given special consideration by the Federal Government, it simply follows that child care will help such businesses develop more and offer a solution to their problems pertaining to a sufficient work force. That is certainly beneficial.

Mr. IRELAND. By "special consideration to small businesses," how do you mean that?

Mrs. COLLINS. Well, the Small Business Act itself—and I am not an expert on that, and, of course, I know that you are. But the Small Business Act itself provides for some kind of special consideration such as set-asides, subcontracting initiatives, and so forth, for businesses that are small. I believe it speaks to the number of employees that a small business can have. Frequently, such businesses have employees who need child care, but the business cannot offer onsite or pay incentives. Legislation such as we're considering today would be a benefit that would go along with the very essence of the small business program.

Mr. IRELAND. Thank you, Mr. Chairman.

Chairman SISISKY. Thank you. I might add I think something is about to happen. Because, as you know, last year we opened up our own child care center here in the Capital.

Mrs. COLLINS. That is also one that my granddaughter could not afford to go to.

Chairman SISISKY. But imagine that. You know, here we are talking about child care and never had facilities for our own people. I can assure you that in the military to build up the quality of life issues we have been building child care centers on military posts for the last 6 years, and I mean really building quite attractive centers.

Mrs. COLLINS. This is indeed very true, and you will recall that I had an amendment that was passed about 2 or 3 weeks ago when we did the DOD bill that asked for a study of child care, particularly for those who are civilian employees of the military.

Chairman SISISKY. Correct.

Mrs. COLLINS. Certainly, with uniformed military personnel there is no problem whatsoever, and DOD is doing a fine job. But there are other areas. Child care is an issue that is pervasive. It runs through our entire economy. It is absolutely essential. And, as all of those statistics by the Bureau of Labor Statistics point out, it is a matter that is going to be with us for quite a while to come, and we certainly, as a Federal Government, have to address it.

If, in fact, we find that big business is looking at the issue and has said in no uncertain terms that it is part of the Nation's economy, then certainly we in Congress ought to recognize that fact and lead rather than follow for a change.

Chairman SISISKY. Thank you so much for being here.

Mrs. COLLINS. Thank you.

Chairman SISISKY. We appreciate it.

Ms. Teig, again we welcome you back, and we really are delighted. You did speak out of turn. We had a little problem getting on schedule, but we do appreciate that.

Martin, did you have a question?

Mr. LANCASTER. I did have one question for the secretary.

Secretary Teig, I am interested in knowing a little bit more about the voucher system. Is this a voucher which is redeemable by the employee for day-care services, and is the value of that voucher taxable as income to the employee?

Ms. TEIG. Let me talk about two types of vouchers that we are finding out about and doing some research on. The first is the voucher that we are looking into as a State government for our $13 million, State-only funded child care program for low-income working women. We have taken a group that is just above the ADC level—that is the working poor, if you want to call the group by a particular name—and we have built in a $13 million child care subsidy program that would enable these women to keep working and to stay off the public assistance rolls. The program was $1½ million last year. We have increased it to $13 million. The demand is incredible. We could put in another $13 million. But we have seen our public assistance numbers dropping over the past several years.

What we would like to do in this instance is give the parent more of a choice and more flexibility in terms of choosing child care providers so that some of the for-profit, the business child care providers can be involved and not just nonprofit Government-type child care. So, we are working this summer on designing the voucher that would be given to the parent based on the subsidy that is involved, and then that parent could have the choice amongst licensed facilities for their children or their child.

Mr. LANCASTER. So, your voucher system is actually a State subsidy system, not a voucher given by the employer to the employee?

Ms. TEIG. Right. This is the first example.

The second example would be one where the employer uses the voucher, whatever they have built in, as a benefit for their employees. The voucher reflects either 70 percent, 50 percent, or 100 percent of the cost. You could have it where it is a part of just a resource and referral system. You could have it where it is redeemed at face value at the child care center, but the employee only pays 70 percent of the cost and the employer reimburses the rest. So, you could work it a number of different ways.

Mr. LANCASTER. But is the value of that voucher taxable as income to the employee?

Ms. TEIG. The value of whatever part the employer would be paying and picking up, I would think, would definitely be taxable.

Mr. LANCASTER. Well, you might consider making that a nontaxable benefit to further encourage the use of the voucher as a means of getting the day-care services.

Ms. TEIG. It is a very good point.

Chairman SISISKY. Any questions?

Mr. IRELAND. One question, Madam Secretary. You didn't mention whether the State had addressed the insurance costs, liability insurance costs, and whether you found that those were available to providers. That insurance was available to providers. We hear lots of stories about the lack of accessibility and the high cost. Have you run into that?

Ms. TEIG. Yes, sir; it definitely continues to be one of the major obstacles. It seems, in Virginia at least, to have eased up in its availability, but not to have become more cost effective for those providing day care to be able to have. It continues to be very expensive, and it is one of the problems in trying to get new providers to become part of the system. It continues to be a problem.

Our State Corporation Commission and our insurance commissioner continue to monitor the situation and have been of tremendous help to us in working with the insurance industry on it.

Mr. IRELAND. Most of the thrust of what your State activity has been to the preschool child, or is there, as you mentioned, the problems of latchkey as well, and then sick children. In the so-called latchkey or the "what do children do after school," what goes on in Virginia there?

Ms. TEIG. Well, there are a variety of programs that have now come on line—YMCA's, recreation society programs, after school programs run by school systems, as well as continuing child care. My little nephew, for example, is picked up at school and taken directly to his child care center, and he stays there until 6 o'clock, and his parents pick him up. There are other children that go to very structured recreation programs depending on the school children and depending on what resources that school system has to offer them. Some of them are free. Some of them have a fee. Most of them are available until 6 or 7 o'clock.

The dilemma that we are running into is that the private, for-profit child care providers are feeling that this kind of nonprofit agency approach, if it is a Y or a school, is directly competing with them, and so you have the resources of the public sector competing with the resources of the private sector, and the public sector is winning. They are saying that some of their children are only there in the morning. They are taken in the summer and after school because schools have programs, or Y's have programs. So, there is this competition issue that has been very much discussed and debated in Virginia.

Mr. IRELAND. How have you addressed that? I know there is no magic answer.

Ms. TEIG. Well, it is my task this summer to bring all of the parties together and to try to work out at least a definition of what is recreation and what is child care, and try to, at least, restrict the competition to the very best of our ability to pure recreation programs and not child care where you have such an advantage in the public sector in competing against the private sector. So, we are going to be trying to hammer out with all representatives from the different groups some possible alternatives.

Mr. **Ireland**. If I may, I have one further question.

Chairman **Sisisky**. Surely.

Mr. **Ireland**. Each school system, I take it from what you say, throughout the State is kind of its own——

Ms. **Teig**. Yes.

Mr. **Ireland** [continuing]. Captain along this line.

Ms. **Teig**. Fiefdom is a better word.

Mr. **Ireland**. Fiefdom, right. Has there been much discussion of the utilization of those facilities that—we are in great horror if we think about it—are going unused a good portion of every day and certainly, 3, 4, 5, or 6 months a year?

Ms. **Teig**. Yes, sir.

Mr. **Ireland**. Is that under discussion?

Ms. **Teig**. That is definitely under discussion, and it was one of the areas that the corporate group focused on in terms of the availability of at least sites within the community. Many schools are using their facilities. Some are not. We are trying to figure out ways that we can encourage them.

Again, there is a reluctance sometimes at first, because of liability issues and cost issues to the local school systems, and those can be worked out. What we have to find is a sort of a model that a school system that has never been involved can use, so that they don't have to reinvent the wheel, and we make it simpler and easier for them to get involved and to use their school buses after school to be able to pick up students, bring them there, and take them on home. We have a whole fleet of buses all over the country that are never used for transportation. Yet, in terms of every single resource program we have outside of just child care, one of the key issues is always transportation. We have that fleet that costs everyone millions and millions of dollars that for some reason we can never get our hands on.

Mr. **Ireland**. Thank you very much. Thank you, Mr. Chairman.

Chairman **Sisisky**. I hope, Ms. Teig, that you could stay. I know your busy schedule, but there could be an example today in our neighboring State of Tennessee of what they have done with the school system.

I just want to come back to the $1.5 million you talked about in public assistance. That was used up extremely fast. Am I correct that even localities who thought so well of it while they were waiting for State aid picked up the expense themselves?

Ms. **Teig**. Right.

Chairman **Sisisky**. I think here in Northern Virginia, Fairfax and Arlington County picked it up.

Ms. **Teig**. That is very true, Congressman Sisisky. They not only picked it up but they encouraged us to even go back for more, which we did. We added another million before the fiscal year ended, and then added approximately $10 million new dollars for this year's budget.

Chairman **Sisisky**. But it is paying for itself.

Ms. **Teig**. Absolutely.

Chairman SISISKY. More than paying for itself, and that is the thing. We do thank you for being here, we really do.

Ms. TEIG. Thank you, sir, very much.

Chairman SISISKY. Thank you so much.

Ms. TEIG. It is always nice to see you.

Chairman SISISKY. If you can stay, we would be delighted to have you. Thank you.

Chairman SISISKY. I think we will go back on the schedule now. Our second panel is The Day-Care Dilemma. Ms. Linda Dorian, executive director of the National Federation of Business and Professional Women's Clubs here in Washington.

Welcome, Ms. Dorian.

TESTIMONY OF LINDA DORIAN, EXECUTIVE DIRECTOR, NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC. [BPW/USA]

Ms. DORIAN. Thank you, Mr. Chairman. My name is Linda Dorian, and I am the executive director of the National Federation of Business and Professional Women's Clubs, otherwise known as BPW/USA. Mr. Chairman, and members of the subcommittee, I want to thank you for giving BPW/USA the opportunity to present testimony to this subcommittee on an issue of great importance to BPW—the role of business in child care. I would also like to thank Chairman Sisisky for taking the opportunity to hold these hearings on this important topic. Hearings such as these provide all of us, Government, the private sector, the educational community, and the nonprofit community, with food for thought and a basis for action.

BPW is the oldest and largest organization in America dedicated to the needs of working women. We are 120,000 women and men from across America. Our members are business people and professionals and range from corporate vice presidents to entrepreneurs who are the business. Since 1919, we have been a leader in the development of public policy affecting working women, and we work at all levels—Federal, State, and local government, within our own businesses, and in organizations to which we belong.

BPW sees its role as twofold: Promoting women's role in the work force and helping business to adapt to the social and economic climate created by women's changing role. We are especially sensitive to the needs of small businesses because one third of our members are employed in or own small businesses. Many others serve these small businesses as bankers, computer specialists, accountants, telecommunication experts, and in other professional capacities.

Our experiences and our livelihoods give us a unique perspective on the issues being discussed today. As businesswomen, we deal daily with the impact of the changing labor force and the changing economy on the bottom line. As women, we know the personal impact of these changes and the adaptations we, as individuals, need from businesses and our Government. As citizen lobbyists with a commitment to support educational as well as work force opportunities for women, we have the unique ability to adopt and promote a broader view backed up by research.

The American labor force is being transformed by the incorporation of women into the labor force and the increased percentage of workers who have parental responsibilities without someone at home to assume full-time family and household responsibilities. In 1988, women comprised 44.8 percent of all workers as compared to 33.4 percent in 1960. About 40 percent of the work force is now made up of families with both spouses working, with another 6 percent being single parents, and 90 percent of those single-parent households are women-headed households. About 60 percent of married men who work have wives working full or part time.

Most American women are no longer able to limit their careers to homemaking. As of March 1987, the typical family consisting of two parents and two children accounted for only 3.7 percent of the entire American population. Additionally, the number of female-headed families has increased by 91 percent between 1970 and 1980 and another 10 percent from 1980 to 1985.

Family needs are going to play an increasingly larger role in recruitment efforts, benefit plans, and productivity incentives. Employees, particularly women, cannot leave their problems at home as their employers might prefer, because increasingly there is no one left in the home to care for family and household needs. By the year 2000, women will constitute almost half of the working population.

Two-thirds of the 15 million new entrants expected by the year 1995 will be women. Most of these women will get pregnant at some point during their work lives, work up until their ninth month, and return to work after their babies are born. By 1995, 80 percent of women aged 25 to 44 will be working, 90 percent will be mothers. Two-thirds of all preschool children and four out of five school-aged children will have working mothers. The productivity level of the American labor force will depend on business policies that allow for balancing work and family responsibilities of these mothers and the fathers who increasingly share in at least some of the family and the child care responsibilities.

Women have become an integral part of our labor force and contribute significantly to family income. Women work for the same reasons that men work—to support themselves and their families. Two out of three women working outside of the home now provide the sole or critical support for their families. The median average annual income in 1986 for families where both wife and husband brought home paychecks was $38,346. That income dropped to $26,803 when only the husband was in the labor force.

While record numbers of women are entering the work force, the facilities to care for their children lag far behind the need. According to a recent study by the Department of Labor, approximately 11 percent of all but the smallest employers, and that is, under 10 employees, provide some kind of child care service or benefit for workers. The study found that of the polled employers only 2 percent sponsored day-care centers for their workers' children. Another 3 percent offered financial help to be used for child care. Referral and information assistance was offered by 5 percent of the employers surveyed.

When you look at the actual numbers of businesses offering some form of child care assistance, it becomes obvious that the gap between needed services and those that currently exist cannot be filled by employers alone. An October 1987 article from Savvy magazine reported that about 3,000 employers currently offer some form of child care assistance to their employees in the form of onsite day care, information and referral service, or financial assistance programs. However, it also reported that there are 6 million major employers in America.

Experts say that most parents who work must piece together two or three separate arrangements to ensure child care for the full working day. This means that there are many points of the day at which child care arrangements can fall apart and force parents to interrupt work. A recent Current Population Survey found that nearly half a million working women lose time from their jobs because of problems with day-care arrangements. About a third of all American children between ages 6 and 13 are home alone for some time after school, leading to reduced productivity and higher error and accident rates as employees worry about their children.

While working women still assume the main responsibility for child care, fathers of young children with working mothers are being faced with increasing child care responsibilities. A recent study found that while women are more likely to experience job stress due to work and family conflicts, men with young children are also reporting increased stress; 66 percent of the mothers and 50 percent of the fathers reported stress. Another study found that the stress over balancing work and family responsibilities is the heaviest contributor to depression among employees regardless of gender.

It is to business' credit that the number of child care programs for its employees has risen by 400 percent in the past 5 years. But the number of available programs is not nearly enough. The Federal Government has also begun to recognize this need.

In October 1987, the General Services Administration [GSA] announced the appointment of Barbara Leonard as Director of Child Care Services for Government Agencies. Ms. Leonard's appointment makes her the first high-level Federal official responsible for creating more child care facilities at Government agencies. GSA Administrator Terence Golden was reported as calling this effort a "total commitment" and said, "GSA is assuming responsibility for getting child care centers in Government."

Additionally, Labor Secretary Ann Dore McLaughlin has named a Department child care task force to enhance cooperation among employers, workers, unions, and Government. She has been reported as saying that child care will become one of the "front-burner" issues of the decade. However, fees for child care services currently available through Federal agencies are often high and the number of available slots is inadequate.

Business trends indicate an increase in employer-provided child care benefits. It is becoming obvious that many businesses recognize that providing child care assistance is good business. In markets where the labor pool is at a premium, such as metropolitan Washington, DC, employees have looked for innovative ways to attract employees. One such innovation has been to include child care assistance in employee benefit packages. Such benefits may consist of onsite day-care facilities, voucher systems, providing information on available child care options, and flexible benefits and hours.

But like most major social changes, the reorientation of the workplace to women's and family needs is happening slowly. The demand for women workers, however, will mean that businesses will have to adapt to family needs in order to attract and keep quality employees and maintain a high level of productivity.

Thus far the majority of businesses in this country have taken little or no action to help employees balance work and family needs. There are, however, some impressive pace-setting companies that provide models for how these problems can be addressed, and, Mr. Chairman, I will mention just several of those companies. Their efforts are described more fully in my testimony to be submitted for the record—Merck & Co., IBM, Campbell Soup Co., and others.

Small companies are also experimenting with creative ways of providing services to their employees. Small businesses that are located near each other, such as in industrial parks, can pool resources to run a center on a joint basis. Seven television and radio stations in the Washington, DC area created Broadcasters' Child Development Center in a local school. Small businesses can also collaborate with school districts and community agencies to run before- and after-school programs. The House Committee on Private Sector Initiatives coordinates funding from 30 companies to enable nonprofit agencies to offer after-school care in schools, churches, and storefronts.

In 1985, Cheryl Smith, a BPW member and a business owner, saw the need within her own company in Olathe, KS, to help with day care for her employees. After recognizing that her employees were being adversely affected by problems with finding good day care, Ms. Smith created an onsite day-care center. Her experience lead to the formation of a child care consulting firm, Corporate Kids. Corporate Kids works with corporations, labor unions, and employers to create onsite or nearsite day-care centers. Working with both medium to small companies, Corporate Kids provides needs assessments, designs programs, and will even provide management for the center. Although Ms. Smith has found that companies with 250 employees are the ideal size to work with, she has created a day-care plan for a real estate firm with only 36 employees.

Many other BPW members have been active in their communities working to fill in gaps created by the lack of affordable quality child care. The Farmington and Flat River, MO, BPW's joined forces in 1985 to start a day-care center in the Mineral Area College providing day care for children of students and faculty. The program allows women to train for job skills while their children are cared for by child care professionals at reasonable costs. Additionally, the Tucson, AZ, BPW has compiled and made available to the public a guide to day care in Pima County. The Missouri State Councilor, a member of BPW's National Council on the Future of Women in the Workplace, spent 2 years working with Hallmark Cards to offer onsite day care to employees. Due to her input along with others, Hallmark now provides leased day-care space as well as an excellent referral service to its employees.

BPW is proud of these efforts. These efforts represent a willingness on the part of the private and nonprofit sectors to contribute to addressing day-care needs. However, these efforts alone cannot address all our day-care needs.

As an organization to advancing women's economic rights, as business women who face every day the need for child care, and as women, we believe that legislation is also necessary to address this issue. American families and businesses, both large and small, can live with and prosper with this legislation. We need legislation that will help our children grow and thrive. In a time of increasing budget deficits, implementing this legislation requires leadership and commitment. However, any realistic cost-benefit analysis will show tremendous benefits in productivity in a work force that does not suffer from the debilitating effects of inadequate and unreliable child care.

In addition, we have consistently supported legislation which will provide specific results to meet specific needs which cannot or are not met within the resources of the business community. We support the Family and Medical Leave Act, which will set a floor of support for America's families to care for newborns or in times of family or personal illness. We support a study of the compensation of the Federal work force to determine if action is needed to provide pay equity among workers which would give women and their families the funds they need to afford dependent care. We support several efforts in the area of pension law to ensure that the needs of older women workers, who have unique dependent care responsibilities, are recognized, and we thank the members of this subcommittee who have joined us in these efforts.

The Act for Better Child Care, H.R. 3660, will begin to fill in the gaps. This bill, if adopted, will provide States with new Federal funds that will help improve the availability, affordability, and quality of child care. As Representative Olympia Snowe said when this bill was introduced on November 19, 1987, "By developing standards of care, increasing the supply of care, and helping lower-income families afford care, this bill takes a first step in providing a national solution to a national problem."

For those who say "Can we afford this bill?" I say "Can we not afford this bill?" We know that many of America's parents are hard pressed to not only find available day care, but to pay for it. Out-of-home costs for one child can range from $1,500 to $10,000 a year, with the annual average cost being $3,000. Middle-income families spend from 9-to-11 percent of their annual incomes on child care. Child care can cost low-income families as much as 20 to 26 percent of their incomes. A single female parent earning the average annual wage of $6,400 is most likely to find it impossible to provide her children with day care. The average cost of $3,000 a year would represent 47 percent of her family's income. According to the Bureau of Labor Statistics, one-half of all working women earn under $10,000, and a full 80 percent earn under $20,000. Given these statistics, it becomes evident that the ability to provide child care while trying to survive economically as a family is, at best, difficult.

All of these private sector initiatives are important. We believe that more will occur as time goes on. However, the very paucity of efforts, the very breadth of the needs left uncovered by legislation also by businesses point up a specific need for the data and assistance to be provided by the Government. In our continuing efforts to educate businesses and policy-makers on family policies, we have discovered that there is almost no research available outside individual large corporations. Most of the information available on which policies work, which are cost effective, and which boost productivity, which increase recruitment and retention of workers, and which do not, is anecdotal or specific to the corporation doing the study.

Yet, as we have identified, it is in America's self-interest to have these answers and to use this data to develop effective responses to today's changing work force. The need is particularly great for the small business community. These companies are the ones which must adapt first and the last to be able to afford the research that would help them do just that.

Therefore, we propose, as we did before Chairman LaFalce's committee in the May 17, 1988, hearings on women and business ownership, that a study be undertaken to determine what America's small businesses are doing now to provide for the family needs of their workers, and to document those policies which are working, to set up demonstration projects to test various responses to the needs of employees and provide quantitative documentation of effectiveness and cost-benefit to the employer, to establish the number of employees actually covered by such enlightened programs. This is a piece of the dependent care puzzle which this subcommittee is uniquely prepared to explore, and one which is vital to our success.

The systematic entry of women into the work force has created a revolution in our economy, our businesses, and our society, as profound as the changes wrought by the Industrial Revolution. Business, Government, and society can respond to these changes with handwringing, denial, and stop-gap measures designed only to meet needs so pressing that they cannot be denied, or they can meet the future with foresight, a sense of challenge, and see these changes as the opportunity for progress and economic gain that they are. We believe the businesses that will survive will be those who pick the latter route. We are working within the system to forge that route. We ask your help to provide the data, the legislation, and the support needed.

Thank you, Mr. Chairman. I will be happy to answer any questions.

[Ms. Dorian's statement may be found in the appendix.]

Chairman SISISKY. Thank you, Ms. Dorian. If you will, as I did with Secretary Teig, another one of our colleagues has come in and has a very tight schedule. I would ask Congresswoman Johnson to come up to the witness table.

We welcome you, Mrs. Johnson. We know you have been a leader in this area, and we look forward to your comments.

TESTIMONY OF THE HON. NANCY L. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mrs. JOHNSON. Thank you very much. I appreciate your courtesy in having me intervene between your testimony and the questions. I had originally declined the invitation of the chairman to do that, but I am due at another hearing as well, so I appreciate your allowing me to intervene here.

This is a subject on which I feel very strongly and have done a lot of work, and I appreciate this opportunity to testify. In my estimation, we are only now beginning to understand the questions that need to be asked about child care—the right questions.

First of all, it is true that our way of life is very expensive. You cannot provide social security, Medicare, you cannot cleanup toxic waste sites, you cannot enforce fair trade laws unless you have some engineers at the docks and not just high school graduates. We live in a very sophisticated world and the quality of life that we have come to take for granted costs a lot of money. You can't maintain that quality of life without a strong economy. You can't have a strong economy if women aren't going to be a dynamic and vital part of it.

We have no choice but to answer the question: What is America doing for her children? How are we responding to the needs of our children? We can't afford not to have women in the work force and a strong and dynamic part of that work force. Our economy, our whole way of life, the quality of life we take for granted, demands that women work. So, whether women should work or stay home is really not the issue.

The issue is, then, how do the needs of children fit in, and how do we address those needs? There is another way of stating this challenge, and I think this is where the issue is beginning to evolve and where the real questions are beginning to emerge. I believe we have to look at how we empower employees—and this is where your subcommittee comes in so clearly. How can we empower employees to fulfill their responsibilities as productive employees and their responsibilities as parents?

We are not talking just about women. We are also talking about men. In two-parent families where both parents work, men have much more serious parenting responsibilities than, frankly, my husband did when we were raising our family, and I was home full time. We have to look at the issue of empowering employees to respond to children's needs. That is not just a matter of day care, that is also a matter of attending parent conferences. If our business community wants people who stay in school, wants graduates who can read, write, and calculate, then they have an interest in allowing parents release time to go to parent conferences. In other words, we have to begin to face up to the systemic challenge that employees with significant parenting responsibilities pose to our society if we want to have the work force and the vital economy that our way of life demands.

Those are the premises from which I start. I think Lynn Martin's bill is a very fine step forward. She is thinking in concrete terms that too many of us down here are not thinking, or are not dealing with. We need some specific grant dollars that are out there to pair—not to provide, but to pair—with the commitment of very small businesses that in and of themselves are fairly powerless, but which, when organized together in consortia, can provide day-care facilities for their own employees close to the place of business. Our grants should be matching. Our grants should be leveraging. Our grants should only go to facilities where there will be a recognition of the varied ability of our employees to pay for day care.

The strengths of her approach are that it is a public-private partnership, and it demands a sliding fee scale within the facility. We have to expand availability, but we also have to empower parents to purchase day care of quality, and that means income, salary-based or related subsidies. By all of those indicators, the Martin proposal is a very strong proposal.

I would remind you that the Dodd-Kildee bill does not allow money to go to the private sector. It cuts out the private sector completely. That is not a fact well understood about the Dodd-Kildee bill, and one that we have to take very seriously. I, as a Republican, have been a very strong supporter of and advocate of stimulating the private sector. As a State senator in Connecticut, I supported some of the key legislation that helped Government stimulate the private sector to develop jobs in areas of low employment, especially in cities where they were hard pressed for jobs. We know Government can leverage growth of the private sector. We know once you leverage growth of the private sector you can duck out on the subsidies and business can carry their own. I think it would be a great mistake for this Congress to pass day-care legislation that cut the private sector out of the supply expansion provisions.

In my Child Care Services Improvement Act, I allow the same kind of grants that the Dodd-Kildee bill has, and I want to be sure that we understand how much commonality we have in this body, as opposed to differences. We both look at using grants to expand supply. My bill would allow those grants to go to small profit-making institutions, to nonprofits, to municipalities, to educational institutions. The Federal Government ought to be neutral in that decision. The State and localities ought to decide do they want and need a school-based facility, or do they need a small business?

We ought to be interested in expanding the small business child care industry just as we have been interested in expanding other kinds of economic activity in areas of high unemployment. We are good at that. We know how to do that. We can create that partnership. I certainly would hope that this subcommittee would look at that kind of program that is very much alive and well in a number of legislative initiatives in this body. As I say, always at the same time attending to the issue of some kind of sliding fee scale where there was an initial public subsidy to help someone get into business, because we do have to attend every bit as intently to affordability as to availability.

I would hope that you, as a business-oriented subcommittee, would look at another aspect of the Johnson-Hatch bill, an aspect that is unique. We recognize that people are not coming into the small business sector to expand supply for some very good reasons. First of all, it is hard for small business people to make quarterly income tax payments as we required of them in the tax bill. Frankly, I think you have to eliminate that requirement for very small providers, especially home care providers. That is what we do in our bill. We relieve them of their quarterly payment requirement. We relieve them of the requirement to pay the employer and employee's portion of the social security taxes because these are very small businesses. We need to encourage environments for child care other than institutional environments. I know how upsetting it was to my children when we combined high schools in our city, and they had to go to a high school of 1,500 kids. It was tough to adjust to. We don't want parents' only option to be putting kids in day-care centers that have 150 kids. I mean, I don't. At least I certainly don't now, until someone can prove to me that it is going to be good.

So, we want to think of this in terms of very small businesses, and very small businesses in day care have too slim a profit margin to try to be carrying the burden of social security taxes for both the employer and employee half. So, I would hope that you would look at that issue. In other words, what are the barriers to going into business in this sector, given the nature of the business, and the size of the business, and usually the owner-operated nature of the business in many instances. I would hope that you would look at the barriers to entering the business that exist both in the Tax Code and in our liability laws. In the past, liability coverage has been provided in these settings through homeowners' insurance and other such relatively low-cost insurance.

You can either go the whole tort reform route and build that in, just for this, or there are other approaches like requiring States to set up revolving loan funds, perhaps leveraging that with a few Federal dollars to get it started, and guaranteeing that day-care providers would have access to low-cost insurance. Because, if we don't do that, we are going to drive up the cost of care just as we have driven up the cost of medical care by being unable to deal with malpractice insurance costs.

I would hope that this subcommittee would look at stimulating the private sector to expand supply, dealing with affordability at the same time, looking at the barriers to going into business. If you do all of that, you will have taken a 50-percent step toward the finish line. The other 50 percent that has to be done asks a question that no bill is asking right now in the Congress, except the last section of the Child Care Services Improvement Act, which provides an inadequate answer. I will be happy to work with you on how we answer the question I am about to pose. But, if we don't answer it, then we have no right to take any credit whatsoever for meeting the needs of children in America. We could, if we pass a day-care bill, claim some credit for meeting the needs of working parents. But, unless we ask how we can reduce the amount of out-of-home care that young children need because their parents work, then we will not have met the needs of children.

I don't see any reason at all why this Congress or this Nation has to accept the 9-to-5 workplace structure, the assumption of which results in the conclusion that if a parent works, a child has to be out of home in someone else's care 5 days a week, 9 to 5. We are asking young parents throughout America to choose between working and having an income, which is essential to them, and participating in the economy, which is, frankly, essential to us, and being away from their children 9 to 5. That is a ludicrous decision to make.

You look back at when your children were young. Would you have wanted neither of the parents to be there any of the daytime hours when that child is awake? Do you really want parents in America to come home when that kid is cranky tired, needs to eat and go to bed? We have got to get real about what question we are asking our parents to answer. I want parents to be able to answer the question, how do I both participate in the work force and meet the needs of my children? To do that, we have got to break that 9-to-5 straitjacket that governs our work force. We have to empower parents to be able to say: "I have parenting obligations to my children. I have productivity obligations to my employer. I can demonstrate to you, Mr. Employer, that I can meet my productivity goals, but I am not going to be at that desk 9 to 5."

We have to deal with that challenge. I am a small business owner. I have nine employees in my office here in Washington. I have a computer operator that comes in at 5 a.m. and leaves at 1. I have one that works 4 days a week, and he is my legislative director. When he came in to discuss an alternative work schedule, I thought he was just preparing me for the fact that he was going to change jobs, and this was a nice way out, because he knew I couldn't tolerate a legislative director 4 days a week. Let me tell you that he is more productive than he has ever been. He has at least 2 to 3 hours a day when no phone rings, no babies cry, no adults interfere, and he writes some very substantial, serious stuff because he has the time to concentrate and produce it. The rest of the time—evenings, saturdays—he is every bit as productive as he ever was.

Likewise with my other employee, the computer operator. She has 3 hours to work in peace. I mean, imagine, and I have a desk free in the afternoon and 1 day a week. If you had asked me could I have worked this way a year ago, I would have told you no. If you ask me do I want these employees to go back to a 9-to-5 structure, 5 days a week now, I tell you no; not on your life. Better for them. Better for me.

I tried to bargain with my legislative director that I would shift his work schedule if his wife's employer would shift her schedule, too. She was not as enlightened as I. But, if she had been as enlightened and tolerant as I, then that young couple would have only had to pay for 3 days of out-of-home care, and they would have both been able to fulfill their responsibilities to their employers. But equally important, and this is what is being lost track of in today's debate in this Congress, that child would have had one of its parents on Monday and one of its parents on Friday, and that is worth fighting for, and that is not something that we are talking about.

We have to do something to force our employers to allow parents to control their work-day structure throughout the week if they can meet the employer's productivity requirements, and for the sole specific goal of reducing the number of hours of out-of-home care for children under kindergarten age.

Now, the flexible schedule can't go on and on, but it is a very small window that our children need. We are able to respond to that, and we need to find some leverage, just like we do with economic development. We need some rewards. We need to find ways to recognize employers who will give their work force the opportunity to structure their work in such a way that they reduce the number of hours of out-of-home care. If we fail, then parental leave will not be the legislation that this Congress should pass. We will have to provide instead, legislation that gives employees the right to bargain with employers for that specific goal. I am dead serious about this. We cannot go into the future with a work force assumption that was based on a "male worker, female partner staying home and taking care of the kids" tradition. It is not there, and it won't work, and I won't be a party to answering the sole question, how do we provide 9-to-5, out-of-home care for infants, 1-year-old and 2-year-old, because I don't think that is empowering parents to make the choice that is important for them as workers and for their children as children. That is what we have got to do.

So, I urge you to take a bill like Lynn Martin's, which is a very responsible approach to public-private partnership to affordability, to add to it some provisions that will deal with the tax liability, the insurance liability, the problems that people face—small businessmen face in getting into this sector that is best served by very small, very personal businesses. I would urge you to add to it a final section. You can take a look at our final section of the Child Care Services Improvement Act, which is merely an awards program. By brainstorming together, we could come up with some pretty powerful rewards for small businesses that give their employees the right to restructure their productivity goals in a way that reduces the number of out-of-home care hours their children need. That is essential, or we will not meet the needs of children.

Yes; we may meet the needs of working parents, but we will not do the job that our constituents send us here for. We will not build a future for America that we need, as we won't have what we need desperately, which is both strong families and a strong economy. You cannot have a strong economy without strong families. I think we are asking our young families to do the impossible when we say you can build a strong family and never be there.

I ask you as thinking people, let us ask the larger question. How do we address the needs of children, not the needs of working parents? The issue is children in America.

Thank you.

Chairman SISISKY. Thank you very much, Nancy. I believe you are serious. I don't know if the rest of the committee does. I really believe it.

Are there any questions?

Mr. IRELAND. I don't have any questions, but I am moved by your testimony, Mrs. Johnson, and also Ms. Dorian. It is right on target. I would only add fuel to the fire by saying that I just recently heard our megatrend friend, Mr. Nesbitt, talk about the real ability in an individualized society that we have to do substantial amounts of work at home, and we have only scratched the surface. Boy, that will blow a big hole in 9 to 5 any way you look at it.

Mrs. JOHNSON. That is right. I would love to work with this subcommittee in looking at how can we stimulate the reward business and deal with this 9-to-5 driver of demand. Because, while I sensed the problem when we wrote the Child Care Services Improvement Act about 6 months ago, it is only by talking out there with women, by seeing their response to the proposals that we have made, both the Dodd-Kildee and the Johnson-Hatch and all of the others. I see beyond it a frustration that that helps; that might help me find quality and affordable care, but that is not what I am after. Only as I have worked out there—not just in my district, but I have spoken at conferences throughout the Nation—have I realized that we were asking the wrong question. We were asking how can we help working parents. We should be asking how can we help kids.

That is why the urgency of this crystallizes rather late in our debate here in Washington. But that is not surprising. We shouldn't fault ourselves for that. But we ought to turn around now and direct our resources at that question, and this subcommittee is particularly prepared to do that because you are sympathetic to small businesses, and that is what this sector is. But these small businesses, in and of themselves, often think that they have less flexibility than, in fact, they do, and we need to put that challenge out there loud and clear, put some real rewards in place, and if that doesn't work in 2 or 3 years, then, frankly, some much more forceful law.

Mr. IRELAND. If I may, Mr. Chairman?

Chairman SISISKY. Sure.

Mr. IRELAND. What concerns me a little bit here is that all of the energy the people in BPEW, for instance, some of the innovative small business things we have had or many of the innovative things in large business that, while we haven't solved the problem, the energy in our society comes from the private sector. Bureaucrats are not energetic; they restrict operations. This is not to diminish an appreciation of the need, because it is there, and I intend to go strongly to bat for it. In our zeal to solve the question so quickly, I worry about what you refer to as the fact that the Dodd bill, the ABC bill, freezes out the private sector. If we have found anything in this country over the years, it is when you freeze out the source of innovation, be it small business, big business, professional, just all citizens, with a democratic approach you end up by costing productivity. Really, as we look at welfare reform, we find hopeless failures, and I am afraid we are going to run at this and go off the brink, kill the innovation by pressing forward with that part of a bill that freezes out the very thing that both of you here epitomize.

Mrs. JOHNSON. Let me say something about that, because it is so relevant to the work of this subcommittee. It goes back to this issue of unthinkingly accepting the assumptions of today to build the solutions of tomorrow. See, that 9-to-5 thing, we suddenly all accepted that, and we are about to build the solutions of tomorrow on it, when it isn't necessary, it isn't practical, it is not good for children. I fear that we will also build the future day-care sector on the assumptions of today. Today it is day-care nurseries, home care providers, centers, whatever you want to call them, but it is a variety of providers.

I went to a hearing in Florida. I went to a hearing in Pennsylvania. There is a new business entity emerging that in my estimation has a great deal more promise for us, particularly from the point of view of quality control, than anything we have out there now. We are in an era where we need more suppliers of service. We are in an era where States are going to license, or certify, or something these suppliers, and I come from a State where the State has tried to do that for decades.

We are also in an era where the States are having trouble funding the kind of oversight of their licensees that make quality mean anything. We see States that license now going to inspect licensed providers once every 5 years. Now that is not monitoring quality. What I saw happening in Pennsylvania and rural Florida was the emergence of organizations—in Florida, it was a farm workers' association; in Pennsylvania, it was just an entrepreneur, and he was the licensed entity responsible for quality in these homes. If you have a middleman whom you can hold accountable, who has a big enough investment so that actually, if you make a flying visit to one of his homes, an unanticipated visit, and find problems and fine him, he is going to be sensitive to quality. So, you have a bigger lever on him on quality, and he is responsible for the quality of others. One of the beauties of the flexibility of the grant program in my bill, as opposed to the Dodd-Kildee bill, is that it would allow grants to be made to a school, for instance, to let the school not to start a day-care center, but in a sense, parent homes in the neighborhood and provide a place where children would come if the provider were sick or where sick children would come if they couldn't go to the provider.

I have envisioned if we meet the needs of children we are going to have a different looking child care sector in 10 years than we have now, and we want to be certain not to define who can get grants in terms of today's business community. Because today's business community is inadequate. We need new sets of providers, new organizations, in order to assure quality, in order to monitor that quality, in order to provide the needs of sick children, and providers, and so on.

Let us really try to drive creativity and build on our strengths out there, and not become committed to something that sets Federal standards, and Federal assumptions, and is only public sector driven.

Thank you. I appreciate the time you have given me.

Chairman SISISKY. I thank you. Mrs. Martin testified this morning. This is the only bill that this subcommittee will have, and she has no pride of authorship. She wants us to do what we think is best, and we may very well call on you to help.

Mrs. MARTIN. Good. I would love to work with you. Thanks very much.

Chairman SISISKY. Thank you very much.

Ms. Dorian, we are running about 15 to 20 minutes behind.

Ms. DORIAN. That is fine.

Chairman SISISKY. I want to tell you that your legislative program, or your group is working because they have been to see me.

Your members have been to see me on many other things, as it should be with business and professional women, regarding things that affect the workplace, and certainly they are more knowledgeable than most people on the subject. I do appreciate you being here this morning.

Ms. DORIAN. Thank you, Mr. Chairman.

Chairman SISISKY. Thank you very much.

Our next witness is Mr. Frank Swain, who is Chief Counsel for Advocacy of the U.S. Small Business Administration.

How tight is your schedule, Mr. Swain?

Mr. SWAIN. It is as untight as it can be for you, Mr. Chairman.

Chairman SISISKY. We have Congressman Cooper here. If you could wait 45 minutes we would appreciate it. I hate to do that to you. But you are here in Washington, and we have some guests and witnesses from out of State. It is a large group, and, if you don't mind, I would appreciate it. I appreciate your courtesy.

Let me recognize for purposes of introduction and any comments they would make, Congressman Jim Cooper and Congressman Bart Gordon, both from the great State of Tennessee.

TESTIMONY OF HON. JIM COOPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. COOPER. I thank the chairman. I appreciate your willingness to allow us to proceed. These folks have traveled a long way, and I believe that the subcommittee will benefit tremendously from their testimony.

This is a remarkable story. Murfreesboro, TN, is a relatively small town. Unless you are from Tennessee, you probably wouldn't have heard of it. But a remarkable experiment has been going on in this town for several years now, and it is an experiment that is almost unbelievable. It is a win-win situation. By keeping the schools open virtually all day long, from 6 to 6, they have provided tremendous services to the community, much needed services. They have also done this, believe it or not, without the use of Federal money. That is unheard of. Barely a visitor comes to Washington who doesn't have their hand out for substantial sums. But this group, on their own, working through local institutions like the local chamber, has done an absolutely outstanding job. In fact, perhaps a miraculous job. It is an experiment that we are so proud of we want to share it with the Nation in hopes that our communities can also benefit from this fine example.

I would like to turn it over now to my outstanding colleague, Bart Gordon, who actually has the honor of representing the town of Murfreesboro and that area, and it is really his constituents who will be testifying today.

Congressman Gordon.

TESTIMONY OF HON. BART GORDON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. GORDON. Thank you, Jim.

Mr. Chairman, subcommittee members, first let me compliment you on taking the time and the energy to have hearings on what I think is a very important matter.

Mr. Chairman, I want to bring you greetings from our mutual friend, Governor McWherter, who is very much a supporter of this program.

I have prepared some extensive remarks for you, but I am going to mercifully make those a part of the record because I want to get right down to letting these experts talk to you about a very successful program. But let me make two real quick points.

The first point I want to make is that this program started in my hometown of Murfreesboro, TN, and in my elementary school of Hobgood.

So, not only do I know the teachers, the administrators, and the parents, but I also know a lot of the students that are going to school there. I know firsthand that this is a very successful program. While it is not a complete program for child care, I think it is an important element in the overall plan.

The other point I want to make is one that the subcommittee members already know. Virtually every Tuesday morning we have been meeting on a subject that we are all very interested in, and that is reducing the budget deficit, and, whether you are a member of Armed Services or Energy and Commerce, the process for analysis is the same. Every time a bill comes before a committee, we must ask what are the merits of the bill, and then second, ask ourselves whether we can pay for it, and how can we come up with the funding?

I think we all know that child care is very important. The question is, how can we pay for it? The real importance of this program is that it is a cost efficient way to be a part of the overall child care program. For this reason, I am very enthusiastic and am pleased that these folks are able to present their case to you.

Now I would like to introduce them.

My friend and neighbor down the road is John Hodge Jones, who is the superintendent of the Murfreesboro schools. I am going to let him take my place here. John Hodge Jones had the initiative to conceive this program quite some time ago. He and I have talked about it for years, and, as I have followed it, and watched the program grow, it has been a success from the beginning.

Becci Bookner is the director of the ESP Program.

Joel Jobe is president of our Rutherford County Chamber of Commerce.

Gary Middleton, the vice president of State Farm Insurance in Murfreesboro.

Ken Schneider, an executive at Nissan.

And also, my good friend, State Senator John Rucker. He can give you some insight from the perspective of the State government.

So, you have some good folks here that I think can bring you up-to-date on a very good program. I appreciate your attention and your interest in this very important matter.

Thank you, Mr. Chairman.

[Mr. Gordon's statement may be found in the appendix.]

Chairman SISISKY. I appreciate the interest of both of you gentlemen in having these folks here. Tennessee is blessed with two young, good-looking Congressmen, who could be here for many years. But we do welcome you all here.

Mr. Jones, I will just leave it up to you right now.

TESTIMONY OF DR. JOHN HODGE JONES, SUPERINTENDENT, MURFREESBORO CITY SCHOOLS

Dr. JONES. Thank you, Mr. Chairman.

Mr. Chairman, it so happens that my oldest son shares June 8 as his birthday, too, and a happy birthday to both of you. And for those of you who are on the Armed Services Committee, it so happens that he is in the armed services. He probably, this morning, is in a missile launch capsule standing at the controls of a Minuteman missile out in the Plains of Montana.

Mr. GORDON. And, Mr. Chairman, his name is Bart.

[Laughter.]

Chairman SISISKY. He is protecting Americans. That is great.

Dr. JONES. Mr. Chairman, I will summarize my remarks. The balance of my statement has been provided for the record, and I believe that is the case of several of those.

Chairman SISISKY. Without objection, all of the statements will be included in the record.

Dr. JONES. Mr. Chairman, and members of the subcommittee, on behalf of my colleagues, I express appreciation for your interest in the subjects of education reform and child care, and I believe you will note at the end of this delegation's presentation why we include the subject of education reform along with child care.

We represent the Murfreesboro City School System, which is composed of seven K through 6 elementary schools with nearly 4,000 children. In Murfreesboro we have implemented an extended school day/year program which addresses both of these issues: Education reform and child care.

We come to offer a business-type idea which we believe will address many of the current problems which plague the American home, school, and work place. The idea is this: Let the schoolhouse, where the child is already in a safe, educational environment for 6½ hours per day, 180 days per year, take care of and continue to educate the child while his parent is in the American work place. We can cite many practical and workable advantages to this simple solution. In fact, we have the experience which proves its workability.

In Murfreesboro, taking advantage of the business approach, we recognized several issues, needs, and concerns all coming together, which produced the resources needed to finance an Extended School Program. None of these require additional taxes. They are (1) what parents are willing to pay for child care, (2) what business and industry are willing to pay for child care in order to have a more productive worker, and (3) more and better utilization and efficiency of our current public school investment in human resources and capital. We believe this to be kin to the model used by small businesses across the country; that is, utilize what is available on the most efficient basis possible.

At the turn of the 19th century, the length of the school day and school year accommodated a predominantly rural America and rural economy. That system worked quite well for most of the 1900's, but it is not a 21st century model. If this model accommodated rural America, then a new model must be developed for our modern American economy.

The new model is simply an Extended School Program; in Murfreesboro, we call it ESP. The Extended School Program addresses the latchkey issue but provides more time for formal learning. It produces greater parent involvement with the school. It allows more time for children to be exposed to the arts, foreign languages, and vocational courses. It provides better and more flexible scheduling of the child's day. It provides homework tutoring. It makes for a more rested, content, and happier parent in the workplace and at home. It addresses the children at risk concern. It takes more children off the street. It addresses the teenage pregnancy problem. It strengthens home life by providing quality time for parents and children. It serves as a training ground for future teachers. It allows more single mothers to be in the labor force, thus reducing welfare payments. It decreases the need for pupil transportation programs, and it creates jobs in the American economy.

Honorable Members of Congress, I represent education. The basic difference in my appeal and the appeal of others involved in the school-age child care and latchkey programs across the Nation is that I am promoting utilizing the child care movement and business/school partnerships to advance the cause of education reform. I believe the school reform movement of the 1980's has overlooked this simple approach.

Government should involve itself mostly by encouraging the idea. Providing seed grants and assisting low-income homes would also be helpful.

Becci Bookner, director of Murfreesboro's ESP, will provide you more details about how the program works.

[Dr. Jones' statement may be found in the appendix.]

BECCI BOOKNER, DIRECTOR, EXTENDED SCHOOL PROGRAM, MURFREESBORO CITY SCHOOLS

Ms. **Bookner**. Thank you, Mr. Chairman, and members of the subcommittee, for your interest in this issue and in our program. A special thank you is appropriate for our own Congressman Bart Gordon, and, as he did say, our program began at Hobgood School. Maybe that is all meaningful in some way.

But work on the concept of the Extended School Program began in the spring of 1985 and became operational January 2, 1986, at Hobgood Elementary School. We had four children attending that day. Today, there is an Extended School Program in each of our seven elementary schools, and on June 1 we were 11 children short of 1,200 of our city's schoolchildren participating in this program. Because of ESP, Murfreesboro city schools operate from 6 a.m. until 6 p.m. each day, and we are closed only 5 week days a year.

The program has been developed around three basic goals that are as important to you in Washington, or Florida, or North Carolina as they are to us in Murfreesboro. First of all, our main goal is that parents are concerned about their child's well-being before and after school. That education leaders and taxpayers want to better utilize expensive school facilities and other resources involved as much as possible. And that business leaders want their employees productive, not preoccupied with stress over a child's safety.

At this point we would like you to take a closer look at our Extended School Program and enjoy watching "Success Is Spelled ESP."

Chairman SISISKY. I might say, without objection, the script from the video will be put on the record also. Thank you.

Ms. BOOKNER. Thank you.

[Video presentation.]

Ms. BOOKNER. In our school system, Mr. Chairman, we have nearly 4,000 students. Our office is projecting that when school starts in August we will have 1,500 of those students signed up and ready to participate in this program. There are significant reasons why our program works and works without additional taxpayer money. It works because it is simple, and it works because it makes good sense.

It also works because of the tremendous need, as we have heard this morning, of affordable quality child care. It works because of the tremendous need of more instructional and enrichment opportunities for youngsters. It works because of the courage of our school board and superintendent to stand strong and dare to alter those cast-in-stone hours that public school buildings operate. It works because of an exciting new partnership between the business community and the education system in Murfreesboro, TN.

For the Murfreesboro community, I believe ESP is the solution to our academic and school-age child care problems. As was stated at the conclusion of our video tape, the success of ESP can be measured in the number of requests for information that we have received from other systems across this Nation. Many of these systems are now in the process of implementing similar programs in their own community.

In an effort to encourage the growth of programs like this, we have been looking at the concept of even developing a training and orientation program for educators and business leaders interested in initiating extended school programs in their community.

Mr. Chairman, I would like to add this morning that we have been accompanied by Mr. John Nicholson and Mr. W.R. Davidson, from Tullahoma, one of our neighboring communities. Using our ESP as their model, the city of Tullahoma will be initiating its own program this fall.

Again, thank you, Mr. Chairman, and members of the subcommittee. Your interest and support is appreciated far beyond the walls of this hearing room.

[Ms. Bookner's statement, with attachments and video script, may be found in the appendix.]

Ms. BOOKNER. I would now like to present Mr. Joel Jobe, who is president of the Murfreesboro-Rutherford County Chamber of Commerce.

TESTIMONY OF JOEL JOBE, PRESIDENT, RUTHERFORD COUNTY CHAMBER OF COMMERCE, MURFREESBORO, TN

Mr. JOBE. Thank you, Mr. Chairman. I was sitting here thinking I hope you have interpreters to convert the "Southern" to the language that you understand in Washington.

Chairman SISISKY. You know I am from Virginia.

Mr. JOBE. Right. Maybe you could help us.

[Laughter.]

Mr. JOBE. Mr. Chairman, and members of the subcommittee, I am Joel Jobe, and I am a businessman in Murfreesboro, TN—Rutherford County—and I serve, and have the honor to serve as the 1988 president of the Rutherford County Chamber of Commerce.

I want to thank you this morning for allowing me the opportunity to come and share my support for the Murfreesboro Extended School Program and my concerns for the challenge of child care. I am told that over 150 bills involving child care are now before you. It is my belief that the private sector should take a leading role in solving this major challenge that faces our Nation today. I believe that flexible approaches at the local level can best address local needs. If business people voluntarily respond to the changing needs of their work force, the yield will be higher productivity, morale, recruitment, and retention, and stem excessive absenteeism.

The chamber of commerce is the economic development agency for Rutherford County. We are quick to share with relocating businesses and industries, that our community has the third largest university in the State of Tennessee, Middle Tennessee State University, with a student enrollment of 12,000. We also have been honored this year by having the 1988 National Teacher, Mr. Terry Weeks, from Murfreesboro. But we are also very, very proud of the ESP program that is receiving national attention for the success that it is enjoying. The chamber is proud to recommend to parents who need the service, the Extended School Program.

We have even included ESP in our marketing campaign this year as part of a television series promoting Rutherford County. I would like to share that with you at this time.

[Video presentation.]

Mr. JOBE. My faith in the Murfreesboro Extended School Program is based on three perspectives. First, as the president of the Rutherford County Chamber of Commerce, I represent over 800 business leaders in the community. Good business people will quickly examine the bottom line of a company to check fiscal responsibility. In my opinion, ESP best utilizes that taxpayers' investments in multi-million dollar facilities. Private initiative is important too, because the parents in this program pay a modest fee for their children to participate in the program.

Second, and most importantly, I am a small businessman who wants the best opportunities for our employees. We believe that a happy employee makes a better employee. Please allow me, if you would, to cite an example from Sandy Hale, who is a certified public accountant with our firm.

Sandy says, and I quote, "I feel that I speak for many working parents when saying that ESP is an excellent alternative to conventional child care. My child does not have to be transported to another facility after school is dismissed. He has the advantages of supervised sporting events in the gymnasium, use of the school library, access to the computer lab, and even has daily time for completing homework. His grades have improved, and I believe that ESP has developed good study habits for my son."

Members of this subcommittee, I suggest to you that those comments come from a happy employee. Our firm benefits from her better productivity, and she avoids lost time by not leaving work to transport her son from school to a babysitter.

My third perspective is as a concerned citizen of this great county. I believe wheels are turned quicker and smoother when the private and the public entities work together. The sole responsibility of providing child care should not be placed on your shoulders when there are many concerns competing for your time and attention. You are charged with defending our freedoms, protecting our environment, balancing the Federal budget, helping with international trade, solving transportation problems, and ensuring the quality of life that we enjoy.

Partnerships between the private and the public sectors are the way of the future, linking creativity with financial resources.

In summary, in my opinion, the concept of the Extended School Program is a glowing example of success that can be repeated over and over in every community in America, large or small. Plainly stated, ESP works.

Mr. Chairman, I would like to, at this time, if you would let me, recognize today Ms. Deborah McDermott, Station Manager of WKRN-TV in Nashville, TN. They have been a real strong proponent of this, and I would like her to just make a comment or two, if you would indulge us, please.

Chairman SISISKY. Welcome and would you state your name for the record?

TESTIMONY OF DEBORAH McDERMOTT, STATION MANAGER, WKRN-TV, NASHVILLE, TN

Ms. McDERMOTT. Thank you. It is Deborah McDermott, and I am the station manager at WKRN in Nashville. That is channel 2. We are the ABC affiliate, and it is our responsibility as a television station to help solve the problems in the community.

We do, on an ongoing basis, ascertainments with community leaders to find out what are the problems and the needs in the community, and in 1987 we ascertained 333 community leaders centered in Nashville and the surrounding communities, and the problem of child care was consistently a top 10 problem in our area. And WKRN, channel 2, is proud to support the ESP program in Murfreesboro because it is helping to solve that problem, and Murfreesboro is a very important part of the Nashville area. I think the key is that they are solving it on their own without support from the Federal Government and State government, and they are solving a local problem locally. I am hoping that you can give support to this program and help get it established in other communities in the Nation and also in the State of Tennessee and other places.

I attended a University of Southern California School of Business seminar, and they are projecting that by the year 2000, 80 percent of all women with children will be in the work force by that time, and 96 percent of the women who have children under age 6 will be working. So, this is a real problem and something that we are going to have to address.

Thank you for letting me come here today.

Mr. JOBE. Mr. Chairman, I would like to introduce to you Gary Middleton, who is a vice president with State Farm Insurance for the south central regional office.

TESTIMONY OF GARY E. MIDDLETON, DEPUTY REGIONAL VICE PRESIDENT, STATE FARM INSURANCE CO., SOUTH CENTRAL REGION, MURFREESBORO, TN

Mr. MIDDLETON. Mr. Chairman, and members of the subcommittee, good morning. I would like to thank you, not only for your interest in what we have to say, but for the opportunity provided me today. As you can tell, our chamber is very accommodating. They do a little bit of everything, including audiovisual work.

My interest in the Extended School Program is multifaceted, and I would briefly like to address each of four major issues this morning.

First, as a business person whose company employs over 1,300, I have a growing concern for the academic proficiency of candidates that we look at for career opportunities at State Farm. Any form of educational enhancement at any level in our educational system merits support, in my opinion. The ESP curriculum addresses this concern in a unique way by providing not only one-on-one tutorial programs, but offering a divergent selection of typically unavailable activities ranging from ballet and gymnastics to music.

Put simply, ESP is a natural addendum to the busy schedule educators must maintain in the basic skills development area, and is provided at a cost affordable to nearly all in the school system. Most important, all of this occurs in a healthy, well-supervised, as you can see, fun environment.

Often overlooked in the area of educational enhancement, however, is the additional experience opportunity ESP provides for education majors at nearby Middle Tennessee State University. This hands-on exposure to the challenges of the classroom, the need for creativity and discipline-oriented undertaking is a welcome extension to the typical student-teaching process. A process, I might add, that is easily expanded to other colleges or universities in our area or any area.

A second major facet of my interest in the Extended School Program deals with employee productivity. The mix of our employee base is such that a very high percentage are young mothers with school-age children. Stress and the logistical coordination so common with employees trying to address the 3-o'clock syndrome detract from their ability to reach maximum productivity in the work place. The gamut runs from daily phone calls to the parent's work station after each regular school day ends to unanticipated requests to leave work because of unusual child-related situations not present with the extended school approach. Enrollment in ESP has provided for us a more productive employee, a happier employee who is not preoccupied with concerns over their child's safety, well-being, and educational development.

State Farm employees are afforded the additional opportunity to maximize the value of their dollar through the selection of dependent care assistance reimbursement from our employee benefits menu thus gaining additional tax advantages.

A third facet involves the cost effectiveness of this program. As a business person, I tend frequently to move to the bottom line of any proposal. Having studied ESP, it is without doubt a winning proposition.

(A) taxpayers win in that our expensive school facilities are being used more extensively with minimal additional overhead expense.

(B) tax dollars are also stretched in that the extra curriculum provided by ESP enhances the normal education process with little or no additional revenue requirement.

(C) parents win as a result of the competitive tuition ESP offers when compared to other available child care facilities. No interim transportation is necessary since the children remain in the same school to which they were delivered that morning, and parents also are relieved of concerns and stress related to the perils of the latchkey children.

(D) employers win as a result of the productivity gained through the elimination of the 3-o'clock syndrome previously mentioned.

The true bottom line, however, is much simpler. ESP virtually pays for itself, and in doing so, departs from the typical situation where innovative, new programs must be, at least initially, heavily tax supported.

The fourth and final facet worthy of specific mention is the unique manner in which ESP evolved, developed, gained support, and expanded in our community as a result of the joint efforts from public school officials and educators, the private business sector, and other local government entities. This community interaction in addressing a common concern is healthy and truly indicative of the pioneer American spirit once again on the rise across our great country.

In an effort to crystallize the significance of ESP at State Farm's south central office we asked a small but representative group of our employees to share their feelings with you today. I think you will agree after reviewing this very brief video that this tape clearly illustrates how strongly supported ESP is in our community.

[Video presentation.]

Mr. MIDDLETON. In summary, ESP means a great deal to Murfreesboro, TN, because it effectively addresses a growing need for an educationally enriched Extended School Program. First, better educated students who grow up and enter the work place more prepared and equipped to meet the dynamics of today's labor market. That is a benefit to all, including themselves. Second, employees without the legitimate concerns for the latchkey child are more productive, generally happier, and less susceptible to related job stresses so common today. Finally, community interaction in establishing and expanding a cost-effective program is a very healthy sign of a growing need for mutual interest community development.

I thank you for your kind attention. At this time I would like to introduce a colleague, Mr. Ken Schneider, executive administrative manager, Nissan Motor Manufacturing.

TESTIMONY OF KENNETH A. SCHNEIDER, EXECUTIVE ADMINISTRATIVE MANAGER, NISSAN MOTOR MANUFACTURING CORP. U.S.A.

Mr. **Schneider**. Mr. Chairman, and members of the subcommittee, good morning. My name is Ken Schneider. I am employed by Nissan Motor Manufacturing Corp. U.S.A., located in Smyrna, TN. Nissan manufactures light-duty trucks and passenger cars at its operations in Smyrna, and currently employs 3,200 people, making it Rutherford County's largest employer. I appreciate being given the opportunity to testify before this subcommittee on behalf of the Extended School Program.

I have an interest in today's hearing for several reasons, including the fact that I am a resident and taxpayer of Murfreesboro and have two children who attended the Murfreesboro city school system. As a resident and taxpayer, I am especially pleased with the way ESP helps to more fully utilize the substantial investment that has been made and continues to be made in school facilities in Murfreesboro. I am glad to see that these excellent facilities are now used 12 hours each weekday and 12 months throughout the year. I believe that ESP is a wise use of this investment, especially since it helps to provide a lower cost day-care alternative to the residents of our community.

The primary reason I am here, however, is as a representative of my company, Nissan, to share with you the positive way in which we, as an employer, view the Extended School Program. Being a relatively new company, we basically have a young work force, many of whom have school-age children. We have found ESP extremely useful to our employees in providing quality day care and educational enrichment opportunities in a wholesome environment at a very reasonable cost. Obviously, parents who do not have to worry about the safety and well-being of their children will be better, more productive employees. We feel that ESP does an excellent job of helping to provide this peace of mind.

The fact that our employees have a keen interest in how their children are cared for while they are at work is evidenced by the work hours selected by our employees when we started a second shift of operations in June 1985. We have rather unique hours for our night shift which starts at 9:45 p.m. and ends at 6:30 a.m. Our employees selected these hours because it gives them more time with their children both before and after school than more traditional second shift hours. These hours also helped to minimize employee concerns in arranging day care for their children.

I have also noticed a similarity between the ESP concept and the management philosophy of our company, which has been a key contributor to the success we have enjoyed since our startup in 1983. It is our philosophy to delegate to the lowest possible level in our decisionmaking process and to actively encourage employee participation at all levels of the organization. ESP is a similar grassroots approach actively involving those in the community who are closest to the problem. Using this approach, ESP has developed a creative alternative to the problem of day care for school-age children, an alternative that is working well.

One final comment on ESP as I speak on behalf of Nissan. Our industry is one of constantly changing technology requiring a well-trained, highly skilled work force. The educational enrichment opportunities offered through ESP will hopefully help in developing the necessary skills that will enable our industry and others to continue to compete effectively in the world marketplace of tomorrow.

I am also here in one other capacity today, and that is as a member of ESP's advisory board. I have learned much about this program in the few months that I have been involved, and have been very impressed by what has been accomplished in such a short period of time. It clearly demonstrates the creative talents and resources that are available at the local levels, and what is capable of being accomplished when we start to fully utilize these capabilities.

The developers of the Extended School Program in Murfreesboro have found a creative approach that works, but they need help in spreading the ESP method as a viable alternative to the problem of school-age day care. What is especially needed is help in networking, so those communities which develop successful programs such as ESP can share information with each other and with other communities that are interested in starting a similar program. This is where we feel the Federal Government can be most useful.

In conclusion, those of us who are involved with ESP feel strongly that people at the local level can best deal with the problem of day care, especially with the support of local business and industry. Nissan, recognizing the benefits of this program to our employees and to the entire community, is pleased to be able to lend its support to help in this effort.

Thank you. I would like to introduce the next speaker, Senator John Rucker, State Senator for the State of Tennessee, who is in here in two capacities, both as a resident of Murfreesboro and also a representative of the State government.

TESTIMONY OF HON. JOHN R. RUCKER, STATE SENATOR FROM TENNESSEE

Mr. RUCKER. Thank you, Mr. Chairman, and members of the subcommittee. I appreciate the opportunity to make a statement before your subcommittee.

For 12 years I have served the people of Tennessee as State senator in the 16th district, with my home in Murfreesboro and Rutherford County. All four of my children and six of my seven grandchildren have either been or are now being educated in schools in Murfreesboro and Rutherford County. By the way, Bart—I believe he left—the Hobgood School that you heard referred to is the one that is across the street from my home, where all four of my children went to school.

I am an attorney by profession, and it has been my privilege to serve 6 years as a member of the Murfreesboro city school board and 12 years on the Education Committee of the State Senate, 4 of which were as vice chairman.

When Murfreesboro first started its Extended School Program, my wife and I were very pleased because we had made an effort to start such a program 20 years ago when I was serving on the city school board. We were also aware of the difficulty that our oldest daughter had as a single parent of two small kids attempting to hold down a full-time job and provide a home and proper education.

When we first started the Extended School Program, some objection was raised to using school property for day-care purposes, even though such use was to be limited to a before and after school program for so-called latchkey children and a structured program for those same kids during the summer months. In fact, our State attorney general rendered an opinion stating that the use of public school property for day-care purposes was not authorized by Tennessee law. However, the Murfreesboro school program at that time was properly approved by the State board of education under a seldom used provision authorizing special community schools.

But because of this question of whether or not public school property could be used for day-care centers, our Governor, Ned McWherter, became aware of the program in Murfreesboro and, after sending members of his staff to observe the operation of our system, publicly endorsed the use of public school property for day-care centers and included a specific amendment to the Tennessee law authorizing the use of such schools as a part of his administration program in January 1988.

As a result of his support, we legislators were successful in passing Public Chapter No. 659 of the Public Acts of Tennessee, which specifically authorizes school boards of education to, and I quote, "establish and operate a day-care center in connection with any school before and after the regular school day and while school is not in session."

The amendment to the Tennessee law also specifically restricted the use of our so-called foundation program school funds, but it also authorized local school boards to charge a fee for attending the day-care center. It went further and authorized the use of our Career Ladder II and III teachers in the Extended School Program. These Career Ladder II and III teachers were authorized and established in 1984 as a result of our Tennessee Better Schools Program.

As you know, by the letter which Governor McWherter has forwarded to you, he has publicly endorsed the Murfreesboro Extended School Program as a model to be recommended by his Department of Education and his executive staff to all local school boards of education throughout the State of Tennessee. Hopefully, other school programs will follow our lead. As Governor McWherter said in his letter, and I quote: "The key to the success of such a program is to provide quality at a low cost."

As legislators, you and I know that providing services needed by the citizens of this country at a reasonable cost is that which we all seek. We are confident that we have found in our Extended School Program a method of rendering a tremendously needed service at a very low and reasonable cost.

Thank you for the opportunity of appearing before the subcommittee. Before I submit to questions of all of us, may I introduce a member of Governor McWherter's staff, his legislative assistant who I see has come into the room since we have been here. She is an outstanding member of Governor McWherter's staff and we are happy to have her with us—Ms. Betty Anderson. Betty.

Chairman SISISKY. Welcome, Ms. Anderson.

Mr. RUCKER. Thank you, Mr. Chairman. We will answer any questions.

Chairman SISISKY. I have already told Ms. Anderson earlier to convey my thanks to Governor McWherter, and, without objection, we will make Governor McWherter's letter a part of the record.

[Governor McWherter's letter may be found in the appendix.]

Chairman SISISKY. Are there any questions?

Mr. IRELAND. Thank you, Mr. Chairman. I have a couple of questions. Very quickly—I might have missed it somewhere—what is the current cost to the students, to families for students? I know sometime ago it was $19.

Ms. BOOKNER. Right. It is still $19 for the afternoon session, $10 for the morning session. If a parent needs both sessions, we give it to them for $25. The regular fee for the summer program or any full-day session is $8 a day, and second children or any additional children in the family get a 50-percent discount.

We also look at blocks of time as opposed to developing a sliding scale, which has just worked beautifully in our community.

Mr. IRELAND. Now, in addition to the gentlemen from Nissan and State Farm, other companies are contributing as well? Are those the main private sector contributions financially?

Mr. JOBE. We have not at this point addressed and have a foundation. We are in the process of looking at setting up a foundation, where the private sector will actually fund a foundation and make contributions, and that would be a scholarship-type fund. At this point it is done individually. There is no organized effort that has been accomplished that makes contributions at this time because it would have to go through the School Board, and I think we are probably going to do it as a separate foundation under the tax law.

Mr. IRELAND. I guess what I want to establish is, whether State Farm, Nissan, or XYZ Dry Cleaners, the function so far is for those companies to subsidize the $19?

Ms. BOOKNER. No; the only subsidy we have, I believe, is State Farm does have that as a part of their cafeteria menu approach for fringe benefits. But, basically, our program has been without any support financially from business and industry. It has been strictly their support in other areas of endorsements that have been the significant factor.

Mr. IRELAND. I have some other questions, but go ahead, Mr. Chairman. I will get in on the next round.

Chairman SISISKY. Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman. I want to assure you that despite the large witness table in front of us we did not invite everyone from Murfreesboro to come here and testify today.

[Laughter.]

Mr. COOPER. There is, however, one additional person that I would like to recognize. I mentioned how much I think of this program, and, unless anyone think that I endorse it for other people's districts and not for my own district, there is a leading citizen of the second largest city in my district who is here today, Mr. John

Nicholson. It is my understanding that he has letters with him conveying wishes of Tullahoma leaders to implement exactly such a program in the Tullahoma community in this coming fall session.

So, if the subcommittee would not object, I would like to request that those letters become a part of the record.

Chairman SISISKY. Without objection.

Mr. COOPER. I thank the chairman.

[The letters were not received by the committee.]

Mr. COOPER. I think very highly of this program, as is apparent. I think it is important in a hearing set up like this, though, that we do explore some of the worries and negatives because everything is not all sweetness and lift. It seldom is. So, with this panel's indulgence, I would like to ask a few questions just to try to balance the record a little bit.

You are fortunate to have an outstanding college in Murfreesboro. To what extent is the number of student volunteers who help your program, student teachers, an essential part of the program? Would it work in an area without a good college?

Ms. BOOKNER. They are definitely an essential part of our program. The percentage is about 90 percent of our employed staff are college students. However, I would be quick to point out that one of our problems is not being able to place other groups of people who have sought employment with us; for example, there are retired teachers, people from the community themselves who are just looking for work, extremely highly qualified high school people who are in the vocational area of child care anyway. Yet we have more or less just focused our employment practices on those college students who are involved in education at MTSU. But I do feel like it is important to note that there are plenty of good, qualified people outside the education institutions.

Mr. COOPER. So, for most towns in America you would not anticipate a shortage of qualified instructors in an ESP-type program?

Ms. BOOKNER. Absolutely not.

Mr. COOPER. How about the relationship of this program with existing teacher unions like the NEA and the AFT? Is this a program that they look with favor on? Is it one that they oppose? If so, why?

Ms. BOOKNER. I may need to let Dr. Jones address that.

Dr. JONES. We have not had an official statement from the various associations and unions regarding the program, and our reaction has been mixed. Obviously, whenever we first initiated this program there were certain fears that the program would interfere with the classroom, that it would be disturbing to the teachers' domain, and so, consequently, there were a great number of fears. We have now, however, in our own school system a large number of our teachers who are employed by the program somewhat on, I guess we would call it a moonlighting basis, plus the fact that we have a large number of our teachers whose children are enrolled in the program. So, consequently, more each day we are having greater acceptance and are able to overcome those fears that were there initially.

Mr. COOPER. Senator.

Mr. RUCKER. Can I answer just a part of that? Living across the street from the Hobgood School, and that is where we started off in January 1986 with about four students, I knew and personally talked with some of the teachers there who were fearful that the use of this type of program would bring kids into their school and disrupt their school so that when they came back the next day they would find everything in disarray, and they wouldn't be able to conduct their normal school program, and they opposed it. To be very frank and honest with you, many of them still do.

But just last week, we visited in one of the other schools, and I asked the principal of the school what is the reaction of the teachers now? Because the teachers did oppose it and they didn't think it was a good idea. Many of them told me that. They knew I was a very active supporter. But now the principal says they are beginning to come around. They see the advantage of it, and there is less and less opposition from the teachers.

I feel that given another couple of years those who were skeptical will finally see that this is a good program.

Mr. **Cooper**. Perhaps you have covered this in your testimony, but it is important to make clear for the record that, as I understand it, this program is in all parts of the community, not just the rich side of town. It is also on the poor side of town. Is that correct?

Ms. **Bookner**. That is correct. It is across the income gamut in our community. It represents almost exactly an equal number of children who are participating in the free lunch program, as opposed to those children who are in the gifted program. I would like to point out that Mrs. Anderson reminded me that the TEA has just recently developed a day-care committee, so I am sure that is a tremendous statement of their concerns and, perhaps, would reflect in teacher opinion.

Mr. **Cooper**. Another concern we have is that certain churches have established day-care centers and they might view this as an interference with their normal operation. What reaction have you received from church day-care centers who would prefer that kids receive religiously oriented instruction within the church as opposed to staying in a secular institution all day long?

Dr. **Jones**. It is important to note, Congressman, that we are involved with school-age child care. Both the churches as well as the private providers of day care at the time that we initiated this effort, the message that they had for me is, "Just tell us where you are going. Because if you are going to deal strictly with school-age child care there is plenty of business out there for us with the preschool children." So, consequently, that has been basically the response of both the churches as well as the private providers.

Ms. **Bookner**. If I may address that, I would feel compelled to point out that just in Tennessee alone there are over 4,000 children who are in that school-age bracket of age 5 to 13. There are 300,000 children that need some sort of after or before school care. In licensed facilities, both church related or private, there are only 22,000 children participating. So, I think there are plenty of children.

Mr. **Cooper**. How about the liability problem? Is the county or the city facing a problem with increased insurance costs as a result of the increased amount of time that kids are spending within the facility?

Dr. **Jones**. Thus far we, perhaps, may be taking on some risk and assuming some additional risk by having a large percentage of our children at school longer than they normally would be. Our city is self-insured. In addition to that we do carry umbrella coverage through insurance companies, and those insurance companies have been well informed. We have documentation, we have letters, and to this point they have not increased their insurance rates on our school system.

Mr. COOPER. A final question I have, and then a comment. Rutherford County is one of the few communities in the country with a Japanese student population, and those students are well cared for by the provision of such things as Saturday classes. Do Japanese kids use the ESP program?

Ms. BOOKNER. Yes; they do.

Mr. COOPER. On the same basis as American kids?

Ms. BOOKNER. Well, I am sure you would have to look at percentages, but they are certainly represented in the program. Most of our Japanese children are at one school, Bradley Elementary, and that is our second largest center, and they do have Japanese children there. Also, our other nationalities are represented in Murfreesboro equally. We have Laotian. We have even, I believe, some Russian children there.

Mr. COOPER. I would like to just conclude by stating my admiration for Senator Rucker, a gentleman who is, unfortunately, retiring from the State Senate. I am one of his constituents, and proud to be one. I have admired his courageous voting record for a long time now, and I just hope that your successor is able to fill your shoes. Thank you, Senator.

Chairman SISISKY. He sure does sound like a Senator when he talks.

[Laughter.]

Ms. BOOKNER. Mr. Chairman, if I may, I believe Mr. Nicholson would like 30 seconds. He is the representative from Congressman Cooper's district.

Chairman SISISKY. All right. Just state your full name for the record, if you will, please.

TESTIMONY OF JOHN NICHOLSON, PRESIDENT, TENNESSEE APPAREL

Mr. NICHOLSON. Thank you, Mr. Chairman. My name is John Nicholson, and I am president of Tennessee Apparel. I grew up in North Carolina. I will take just a few seconds in the interest of time.

I have a personal interest in this program because, on a personal note, I was a posthumous child and, necessarily, a latchkey child. I guess the only reason I survived and negotiated the childhood years was because I lived far enough out in the country, and I also had access to a library that I could get through these times. I didn't have the privilege of this type of program, but I can relate to the people that work in my company, and I have around 450 or 500 people and 90 percent of them are women. Many of them have children, and this is a very, very real problem for them.

Also, as a businessman, I didn't have a feel or a figure that was representative about the loss of time and money, but I think the Congressman this morning said 3 percent. If I can take 3 percent of my payroll, it amounts to around $150,000 a year. Certainly, as a return on that investment, if I could realize this type of savings, I would be prudent as well as pleased to support this program financially, along with other industries, to ensure its ongoing success. I think most small businessmen would look at this program and put the money back in to support it. Because after all, it doesn't cost us anything, and it really gives our company an edge in recruiting and in the child care and in the enrichment of life of these people.

I am happy to be here, and appreciate your audience. Thank you.

Chairman SISISKY. Thank you very much.

Mr. Ireland.

Mr. IRELAND. If I may, Mr. Chairman.

Ms. Bookner, most of the time in the Federal Government program business the Federal Government provides an awful lot of things for schools including school lunch programs and that type of thing. How has the Federal Government's relationship in commodity programs related to your program?

Ms. BOOKNER. We have not been able to capitalize on that. It would certainly help. We explored that extensively and found that there really was just so much red tape, and our whole purpose has been to not infringe into the privacy of families in terms of asking for statements about income, or jobs, or that sort of thing, and so as we read into what we would have to investigate in order to qualify for the use of commodities, we chose to just continue the way we were because we were doing quite well. Yet, if those restrictions could be alleviated at all so that we could at least get milk subsidy or any of the basic commodities such as peanut butter, it would just be wonderful.

Mr. IRELAND. We have heard a lot of outstanding testimony from all of you today. Could you tell us if there was one particular thing, having heard the testimony of others this morning, that you would think was the most helpful thing that we could be doing right here, besides spreading the word of this program?

Ms. BOOKNER. Certainly what you have done today is an enormous step for us. We feel that systems should not have to reinvent the wheel, and I know that there are education leaders in this country who feel exactly as Dr. Jones and our school board does, and yet, maybe with that added strength of support and the knowledge that a system has done it systemwide, and that it is working, and it is effective, that they would be much more willing to step into this arena, because it is a big change of philosophy for public education.

Mr. IRELAND. Thank you. Thank you, Mr. Chairman.

Chairman SISISKY. Just a fast question, geographical question. The program is just at Murfreesboro; is that correct? What is the population of your city, approximately?

Mr. JOBE. The city of Murfreesboro, Mr. Chairman, is about 40,000. The county is probably approaching around 100,000. You are correct, we happen to have two systems in the county. The county runs one system outside of the jurisdiction of Murfreesboro. At this present time the ESP Program is not in the county system.

Chairman SISISKY. You have around 4,000 students, which means that 50 percent of the students are involved in this program. Is that right?

Ms. BOOKNER. That is correct. We want 100 percent.

Chairman SISISKY. Unbelievable.

Ms. BOOKNER. If I could just make one more statement it would be that all of us who are in education are aware of the great departure of families from the public education system to private schools, and it has been the most exciting part of this job to watch parents wrap that flag around them of public education and say this is the best thing that has happened to us, and support public schools in a way that they haven't for years. I think that is one reason that it has just excited everybody in our town.

Chairman SISISKY. Well, I have to tell you this, that you have excited this subcommittee. I apologize for my colleagues having to leave, but there is a vote on. I will not be leaving; I have a 99.4 percent voting record, and it is not an important vote. It is just to approve the Journal, which the Republicans vote against it and the Democrats for it, as you know, one of those things, Senator.

But, I must tell you that I am very delighted that you are here, as well as all of our witnesses. When this record becomes public, I am sure your time will be well spent. You have done a service to your country. You have done a service to the children of this Nation, and I want you to know I indeed appreciate it. Thank you.

Mr. NICHOLSON. Mr. Chairman, I might add that this program is in place in Tullahoma. The roundtable of Tullahoma has appropriated $10,000 and the school board has approved it, so it will be starting this fall.

Chairman SISISKY. Thank you so much.

Now we are running a good deal behind, as so often happens. I would, again, like to thank Mr. Frank Swain. Mr. Swain, if you will come up. Mr. Swain is the Chief Counsel for Advocacy of the United States Small Business Administration, here in Washington.

I know you have heard this before, Mr. Swain, but your statement will be included in its entirety in the record. If you can summarize, it will be appreciated. Thank you so much for your courtesy to the subcommittee and other Members of Congress here.

TESTIMONY OF FRANK S. SWAIN, CHIEF COUNSEL FOR ADVOCACY, U.S. SMALL BUSINESS ADMINISTRATION

Mr. SWAIN. I will be happy to summarize, Mr. Chairman. Our statement basically makes several points, most of which have been alluded to, if not directly addressed, in the statements of other witnesses.

First of all, there is, and there will continue to be an increasing number of women in the work force, both in the absolute sense of more women in the work force, and in the relative sense, that a greater proportion of the work force in general and the work force employed by small business is women. In fact, right now a larger proportion of the small business work force is women than large business. I might also add small business employs a larger proportion of older workers and minority workers than large business does.

The second point in the statement is that the number of workers in this country in the labor force has been increasing quite a bit due to both the birth rate 25 years ago and the fact that so many women have come into the work force lately who were not previously in the work force. We are approaching diminishing returns on both of those factors. The birth rate is not as great as it had been, and we have a lot of women in the work force, and there will be some increase, but that we will not have the massive increases that we have had in the last 20 years. So, for the rest of this century, it is likely that the average increase in the labor force is going to be only about three-quarters of 1 percent a year, where it has been running 2 and in some cases 3 percent a year in the decades of the sixties and the seventies.

Now why is this relevant to the child care benefits issue? For two reasons. As I mentioned, a lot of women will be coming in, and we will continue to have demands for various types of benefits, but in particular child care benefits. Second, small business, I think, will continue to create a lot of new jobs, but the new phenomenon for small business is that they are going to have a much harder time finding people to hire into those jobs. There are basically not going to be the unemployed, untrained high school students that you typically hire to sweep the floor and then work them into the operation.

So, it will become necessary, quite apart from any Federal or State discussions of benefit mandates, or regulating benefits, or anything like that, I believe, very necessary for the small business employer to become much more generous and expansive in offering benefits to the employees, to his or her employees, than is sometimes currently the case. Not because there are various Federal laws that encourage these benefits, or regulate these benefits, or require them, but because they are going to have to do it in order to find workers. It is just that simple.

My third point is that—Ms. Dorian, I believe, said I wish we had a study of what small businesses do. Well, I have come here, Congressman, to present you with that study this morning. I would like to say that I did it in the 45 minutes that I was waiting for the Tennessee panel, but, in fact, we had it here before that. The office of advocacy about a year ago became aware of the fact that this was an issue of increasing interest, and through a competitive RFP—request for proposals—we hired a group in Berkeley, CA, that has some experience in looking into child care issues and taking a look at how small businesses provide child care.

First of all, I should emphasize that it is not a statistical study. Various statements here this morning and in other forums have indicated that there are may be 2,500 or maybe 3,000 American companies that provide child care benefits. Those are probably counting companies that really provide benefits in the sense of having onsite day care. In fact, we would estimate that something less than 10 percent of the 5 to 6 million small business, small employers, provide benefits, and those benefits tend to be four different types of benefits. I will just mention them for a minute. I won't go into any detail. But I think it is important that the subcommittee and the Congress realize that there are various ways to skin a cat and sometimes something that works for a small firm may not work for a large firm.

Basically—and there is a chart in our statement that lays this out—there are four basic ways of providing assistance by an employer to an employee interested in child care. First is various types of reimbursement plans, and that is really, I would say, the most frequently occurring among small firms. In other words, the employer somehow gives money either to the employee or to a provider of the child care for the employees. These have the advantages of having a certain degree of simplicity. The disadvantages are that they are expensive. It is money actually out of pocket, and sometimes there are tax disadvantages as well.

A second way that employers provide day care, which I think has gotten most of the publicity but which is least relevant for small business, is onsite centers. Again, Ms. Dorian's statement, and I am sure other statements will regale the subcommittee with stories about Campbell Soup, IBM, and other major companies, all of which have day-care centers. That is very unlikely to be the case in a small firm, just because of the simple arithmetic of the work place. Many times there aren't enough people on site to have enough children to have a center on site. The second major reason that day-care centers on site are not usually relevant for small business is because they are very expensive to establish, to staff, and to insure.

The third option or third way that employers can provide assistance to employees is providing information and referral services. I think this will become a more popular option as we develop more information and referral services. I think the fact that the chambers of commerce and other community groups are establishing these services on an increasing basis, they will be an important alternative for a small company that wants to do something for its employees but cannot afford to establish a center on site.

Finally, and certainly the most common small business option of providing assistance with child care services, and it fits right in with, I think, Congresswoman Johnson's primary, and I think a very important theme, is flexible hours. We find from our studies, as much as we can grab hold of the information, that the small employer is much more likely to try to be accommodating and provide flexible hours to fit the demands of the employee and the work force, whether it is father or mother, for child care. Most small firms that our group surveyed attempted to provide some sort of flexibility. In many cases there wasn't a formal written policy but accommodations were made when there was a request.

I might also say that we have ongoing another study—the results are not in yet—that attempts to find out what exactly employer leave policies now are in small firms. There has been a lot of discussion of that but nobody really knows the answer, and, as we begin to get the results in, we hope that those results will likewise inform the debate before the Congress.

My final point really is that the reasons that small firms provide coverage and don't provide coverage have everything to do with the way they see their business, I think. The study lays out the fact that the businesses that are inclined to provide coverage are ones which place a high stake in personal growth as a work force, and in many cases, this, particularly in industries where there is a high-skill level required, it is important to keep highly skilled people there, keep them educated, keep them interested in the job. The firms that tend to provide some sort of day care or child care assistance tend to be firms that there is a high proportion of women in the work force. Again, it stands to reason that probably the employers feel that there is a more acute demand in those particular situations.

Firms tend to be more likely to provide child care benefits of some sort or another when there are facilities available in the local community. Obviously, if there is a day-care center—public, private, nonprofit, church, whatever—in the local community, it is much easier for an employer to refer someone there, perhaps provide some financial assistance, than it is to take it upon oneself to establish one if either there are no centers or the number of centers are inadequate in the community.

My final point involves Government approaches, and it relates to a question that Congressman Lancaster asked earlier this morning. It seems to me—and this is not in my statement, but just listening to the various testimony here, it seems to me that the Congress, to the extent that the Congress is trying to decide how to get the Federal Government more involved in child care, either in promoting it, or deregulating it, or regulating it, or taking some action in favor of child care, you really have a number of choices. First of all, you have to choose who you are going to help, whether you help the actual person with the child that is seeking care or help the employers.

There is a lot of help available now in terms of tax benefits. In fact, about $4 billion a year of revenue is the cost of the child care earned income tax credit right now. So, notwithstanding the comment that was made by one of the earlier witnesses that the Federal Government has no policy on child care, I agree that it is perhaps not what it should be, but there are things going on now, and not inexpensive things at that.

Second, one can decide to try to help the employers, and that is obviously the principal focus of Congresswoman Martin's bill, the pilot project bill. There again I think the question is, if you decide to help the employers, do you focus on one group of employers, small versus large, particular industries by geographic area, give them tax subsidies, grants, technical assistance, or whatever?

Finally, the question is how any Federal action treats the providers. There, I think, some of the issues very forcefully raised by Congresswoman Johnson and some of the questions asked by Congressman Ireland illustrate the fact, and I firmly endorse the fact that very good child care is provided by a lot of for-profit businesses in this country, and I think that any Federal assistance in the way of child care which advantages child care provided by nonprofits without giving the same benefits, or subsidies, or whatever the case may be, to for-profit providers is not only unfair but does not recognize the major contribution currently being made by for-profit child care providers. I think that is something that the Congress has to bear in mind: that whatever set of advantages, grants, eligibilities, or so on, that are put together in some sort of eventual package, those benefits ought to be equally available to any provider whether it is for profit or not for profit.

I would be happy to take any questions, Mr. Chairman.

[Mr. Swain's statement may be found in the appendix.]

Chairman SISISKY. Secretary Teig, of Virginia, testified to that. They were working on a voucher system because they found out they have a problem with the private sector versus the public sector. We know that is a problem.

Is that study published?

Mr. SWAIN. Yes, sir, Mr. Chairman.

Chairman SISISKY. It came out in March 1988, am I correct?

Mr. SWAIN. Yes, sir.

Chairman SISISKY. And it is disseminated so that people can get it?

Mr. SWAIN. People can call our office and ask for a copy of it. We have summaries of it that we provided the subcommittee and, of course, the subcommittee has been provided, I think, or if you don't have it now I will take it up to you.

Chairman SISISKY. Well, just in a short expression, because we really are running late. As a result of the studies, what ideas, suggestions, or technical assistance can SBA offer those small businesses that are interested in providing child care benefits?

Mr. SWAIN. Well, we have had unprecedented demand for information about the study. It really is a hot issue area. We are not experts in child care. Although having a 4-year-old and an 18-month-old, I feel some personal experience with it. But nonetheless, as a Government agency, we are not experts in child care, but I think that we have been on an ad hoc basis trying to suggest to businesses that call us, here are four ways of looking at the issue, here are the advantages and disadvantages of these various approaches. If we can turn this around into some sort of general distribution brochure or pamphlet on this that we would make available to employers, I see that as a next step.

Chairman SISISKY. Good. Also, this subcommittee has H.R. 4463, Mrs. Martin's bill, and we may want some comment from your department on that bill.

Mr. SWAIN. We would be happy to provide that.

Chairman SISISKY. Thank you so much, Mr. Swain. We certainly appreciate it.

Mr. SWAIN. Thank you, Mr. Chairman.

Chairman SISISKY. If our next and last panel of witnesses will come forward, Dr. Earl Hess, president and founder of Lancaster Laboratories in Lancaster, PA, who is appearing here on behalf of the United States Chamber of Commerce; Dr. Stephen Lehane, director of Child Care Services for the University of Southern Maine in Portland, ME; and Mr. P. J. Stafford, executive vice president of PAL Corporate Child Care, Silver Spring, MD.

Gentlemen, we appreciate your patience. It has been a long morning. We appreciate you being here, more importantly. You can start, Dr. Hess, since I introduced you first. You can open it up.

TESTIMONY OF DR. EARL HESS, PRESIDENT AND FOUNDER OF LANCASTER LABORATORIES, INC., LANCASTER, PA, ON BEHALF OF U.S. CHAMBER OF COMMERCE

Dr. HESS. Thank you, Mr. Chairman, and members of the subcommittee, for inviting me here. As already stated, I am officially representing the U.S. Chamber of Commerce. I am a member of its board of directors and chairman of the Legislative Policy Committee of the Small Business Council. You already have a statement, which I will enter into the record.

Chairman SISISKY. Without objection.

Dr. HESS. I would like to take some time to offer a few personal reflections, I think, as a small business person, addressed specifically to the Small Business Committee on this issue.

I am a chemist by professional training who decided after a short stay in academia and another in industrial research to go into business as a private practitioner. This was in 1961. Little did I realize then the risk I was taking. The entrepreneurial juices were flowing strong, fear was unknown, and failure unthinkable. About a year later when hard reality set in, I realized that I was in a struggle for survival, and that struggle lasted at least a decade. By 1971, I could finally withdraw from my own company the salary I left in 1961 from my former employer and feel some sense of security that indeed my business was established.

It has only been in more recent years that I and my employees have a really good health insurance plan, disability income, group life insurance, a 401(k) plan, and now an onsite child care, about which I will be talking. My work week still averages close to 70 hours.

Now, I introduced myself and my business startup experience in this way because of a point I want to make, especially to you as a small business subcommittee. That is, being an entrepreneur involves a heck of a lot of risk and uncertainty. When Government, labor, or society in general attempts to transfer many of their risks to the shoulders of the entrepreneur, the combined weight becomes unbearable. What is the result? We lose our entrepreneurs, and with that lost we lose what I will call the free enterprise reforestation process.

But today's focus is on child care. No one questions the need for it. Work place demographics speak for themselves. Further, all of us know that the quality of care of our children from infancy through preschool years shapes the adults they will become. The question is, what role for whom, employer, Government, and the volunteer sector? But before I deal with these questions, let me tell you our story on child care in the work place.

Lancaster laboratories is a leader among independent laboratories in the broader small business community because we never rest on our accomplishments. We continue to be entrepreneurial whether it be leading our industry into the computer age, into new fields of scientific endeavor, or the small business into innovative human resource initiatives. It didn't take me long to realize, especially as our growth accelerated, that recruiting, training, and retaining good people would be one of my toughest challenges. We prefer to hire young scientists fresh out of school at whatever level and then provide them with the challenge to grow technically and in their management skills. I am proud of the opportunities that ambitious employees have to move on a fast track within our company.

But what about the female worker? Extended time away from the job for child-rearing causes a loss of time that can't be recaptured in our fast moving, high-technology world. About 3 years ago, we surveyed our employees, and we collected some very interesting data. It is a young group because of the growth rate of our business and our preference for entry-level employees. Average age I think is 32 years. Almost two-thirds are female, and a high percentage expressed the desire to have children sometime in the next 5 years. We got busy. By August 1986, we had converted old corporate offices to a 28-unit child care center. We were up and running by contracting with a small child care provider, who established the Lancaster Laboratories branch.

The success of this venture, by whatever yardstick you choose to measure it, has really been unmeasurable. On Monday of this week, just 2 days ago, we opened on an adjoining lot a new standalone center with a capacity of 120 children, managed for us under contract by Magic Years, and 40 of the slots are reserved for our children. The remainder are available to the community and other employers.

The cost to our employees is 75 percent of the commercial rate because of in-kind services provided to Magic Years as a subsidy. I should note that we have a latchkey program for after school and a summer program for older children, but the main emphasis is on preschoolers. These costs are paid with pretax earnings through our company's flex-benefit plan.

Employee morale is high. We have retained several key employees whom we would have lost without our center, and we have competitively recruited others where our child care service tipped the sales in our favor.

I spend a lot of time conveying to our business persons the very favorable experience we have had with our onsite child care. In fact, within the past week, two other small businesses in the Lancaster area have announced their intent to build their onsite centers. I should mention that in 1986, when we began ours, we were the only business in Lancaster County doing it.

Now, in view of this experience you might expect me to recommend that Government mandate employer-sponsored child care. The answer to that question is an emphatic no. I chaired the Pennsylvania delegation to the 1986 White House Conference on Small Business, and, as you know, that group of 1,800 entrepreneurs, representing thousands of small business persons across the country, named as their number two priority opposition to Government mandating of benefits. It was second only to the liability crisis that threatened the very existence of many of their businesses.

Now, this reactive position of small business might imply that we don't care about our employees. Nothing could be further from the truth. In the familial atmosphere of small businesses, the personal bonds that exist between employer and local employee are stronger and more protected than any Government mandate could forge. It is my contention that wherein the viability of a small business permits, our employees are just as secure as any class of worker, whether such security measures are mandated by Government or union contract. The motive of groups such as the ABC Coalition and those fighting for mandated health care, parental leave, plant closing notification—those motives might be high and lofty, but their understanding of the free enterprise system, especially as it relates to small business, leaves much to be desired.

It is up to you of the congressional Small Business Committees and the Small Business Administration to assist the small business community in conveying the message I expressed at the outset. Life does, indeed, involve many risks, as I illustrated in the startup of my own business, and many of these have economic consequences. I am not a person who is indifferent and doesn't care about the needs of those segments of our society that need our help. But I am a protector of an endangered species called the entrepreneur, who, I am afraid, will become extinct if to his inherently high-risk existence is transferred the risk from a broader society.

Thank you, Mr. Chairman.

[Dr. Hess' statement may be found in the appendix.]

Chairman SISISKY. Thank you very much, Dr. Hess.

Dr. Lehane, we would be delighted to hear your testimony.

TESTIMONY OF DR. STEPHEN LEHANE, CHILD CARE SERVICES, UNIVERSITY OF SOUTHERN MAINE, PORTLAND, ME

Dr. LEHANE. Thank you. Mr. Chairman, members of the subcommittee, I am usually introduced as Dr. Lehane, child psychologist, author of a half dozen books, and the director of four child care centers. But I think in this setting I would prefer to be introduced as a fellow who runs a small- to medium-size business on a budget of $2 million. I meet a payroll of 70 people every week, and I serve over 1,000 customers a year. OK.

Now, how you view child care and how you view small business, I think, are going to determine the future of both those enterprises. In the next couple of years, we are going to be confronted with a labor shortage. In some parts of the country we are already there, particularly in Maine—in the part of Maine that I come from.

Small business is labor intense, and one of the keys to this problem is going to be child care. We know from the Hudson Institute, which is a think-tank in the New York area, that by the year 2000 the majority of the work force is going to be female. Here is an interesting fact. Since the beginning of this decade, 84 percent of the new jobs created in the service sector have been filled by women. Backing the women is going to be an army, a growing army of young, poorly educated minorities.

We are beginning to get data, hard research, that is beginning to link preschool years and the economics. We are beginning to find out that kids from rough neighborhoods, poor kids, who get top quality early care in education before they start school, they more often go to college, land good-paying jobs, and have stable families in contrast to the kids that grew up in the same neighborhoods. Those are the kids who tend to end up as our drug addicts, our delinquents, our dropouts, and teenage parents. It is already hitting the pocketbook.

Industry today puts out over, I think, $30 to $40 million a year just trying to train their young workers how to read and how to write. Now the Fortune 500 companies with their astronomical budgets can hide such training costs, but what they can't hide from, again, is the growing labor shortage that is going to be hitting everyone.

I am the first one to say we don't need Uncle Sam butting in. I have three kids and my kids have enough uncles. We don't need Uncle Sam in this. I think I am going to show you today how 10 small businesses in Portland, ME, have been able to pull together, which I think is going to be a model, a wave of the future. It really is.

Here are 10 businesses which, in conjunction with the university and the school system, have generated 100 child care slots at virtually cost to no one. I hope the IRS isn't hearing this now. We will be out. What they did, two of the businesses like builders went out and took an option on two buildings in downtown Portland—90-day option. Then they went to the other 10 businesses, and they presold child care slots as if they were selling condominiums. What in fact they sold were "kidominiums." Each company signed up for maybe 5, 6, 7, 10 child care slots, and that was like cash in the bank. When we went to the banks to negotiate our loan, we had collateral. That was the leverage that we used. It didn't cost anyone a cent, just the cooperation of these 10 businesses along with the university and the school system.

That was just the tip of the iceberg in terms of the ingenuity and the imagination. Then businesses began to say, like the accountants, for instance, one of the firms in there, "Hey, if we do the books for this child care center, if we manage the payroll and so forth, what is that worth in service?" That is about a $10,000-a-year expense that I would have to shell out. Instead they are donating that service, and that has a value, so that is in kind. Now, that accounting firm has $10,000 worth of child care credit, and they can use that any way they want. They can totally subsidize their employees. So, if you are a manager in that company, maybe they only pick up 10 percent of yours. Maybe, if you are a custodian they pick up 70 or 80 percent of it. In each company it is varying like that.

What has happened, all other companies who are a member of these 10 are beginning to participate. We have the bank who is carrying the paper on this. They want to play around with some interest points. So, you fool around with some interest points, you give us credit, or you give your employees credit. A hospital is participating. They are already in the food business. They feed their own patients. They are going to be providing the food for this arrangement. Another group that always sneak by are the vendors. If you are producing the software for this accounting firm, you are one of their vendors. Hey, you can get something from them as well. It is fantastic what we have created.

So, what I think we are doing, we are beginning to make child care available without a cent. Again, it is mostly small business people, it is educators, it is religious leaders, and it is local government—all making various accommodations. And just the enthusiasm—if you can see what has really been marshaled in the community—has been fantastic.

One of the big costs we are dealing with now is the cost of teachers. Now, as in any enterprise, you have to pay for quality. Kids are really the bottom line. So, if you compromise on teachers, and teachers constitute about 85 percent of most child care budgets—it varies with the operation, but that is a pretty good figure to work with, and this is something that we are trying to cope with. One thing is that the chancellor of the university school system, as well as I, and other educators around the country, are entertaining the notion of a semester of service in order to graduate. If adopted nationally, millions of student interns could be available to human service organizations and to infuse millions of people who could work in child care centers or other types of enterprises of that nature, at no cost, again, to anyone. Certainly, I think the biggest person who benefits from this is the college student because then they begin to recognize their obligation to society. It is just as well, it is not a free ticket at all.

As I talk, a lot of the notions that I am mentioning today have been repeated by other people, and what we hear, and kind of clarion, is that we can't operate off yesterday's assumptions. We are moving into a new era. I mean, if you look at the economic giants of this country, they have blurred all traditional distinctions whether it is trade, whether it is language. Look at ideology. You have the head Red—excuse the expression—in Moscow today, toasting the virtues of free enterprise and the American way, so there is change about. I think, perhaps, the most flexible people are the small business operators.

I have been in small business before. My family used to own a small chain of health and fitness centers in New England. Believe me, I spent 3 years home with my kids so, if anyone is advocating child care, I am. No; just as a jest. But believe me, I know how small business operates, and they do not throw money at problems. It is a competitive world. It is a dog-eat-dog world, and I think what we are doing today requires that type of imagination.

The point I want to make also, and I am going to demonstrate this—maybe this is targeted toward Congress—is that we are working with ideas that have to be new ideas. If you think of this as business, and this is hard.

[Witness rapping on microphone with a potato.]

Dr. **Lehane**. OK. It is a Maine potato—anyone from Iowa, or Idaho? And a straw. And here are families, kids, and people keep saying kids do not fit in businesses. Well, I can show you they do. And someone said there is no magic to the child care answer, but there really is.

It is abracadabra fizzizoo, make magic for me and you.

[Witness jabbed the straw through the potato.]

Dr. **Lehane**. You pierced it. Children do fit into businesses. The traditional distinctions that have blurred families and businesses, I think, are no longer existing today. Keep in mind every time you pick up a potato chip, or you can pick up a spoon with smashed potatoes, think of the potato. OK. The straw can be accommodated into it.

You know we have been dubbed as the successes in child care. If I leave this room with one point, then I could be considered as a success and that is that child care is not a benefit. It is a necessity of doing business. Today, no company goes into business without computers. Tomorrow, no company will go into business without child care. We are in a new era.

I will tell you the University of Maine, which I represent, is really a responsive employer moving in that direction. Just let me outline a few of the projects that we have sponsored and launched.

One is Chills 'N Spills, sick child care. We did that in conjunction with an HMO. They are underwriting a good part of it, and eventually it will pay for itself. Most of my programs I give maybe 2 or 3 years to pay for itself, and they will. Wall Street Journal cites sick child care as perhaps the biggest child care issue in the nineties. We haven't developed programs for specialized care.

Another one is Camps. We have year-round camps for school-age kids. We heard about the Murfreesboro project. Well, we have them, and we open them on school days, school vacations, and now we are moving close to opening them on snow days. Think of how much money is lost by an employer who can't come, or people or workers who can't come in on snow days, or rain days, or whatever you have in your particular region.

Another one we have is MASH. We have a MASH unit where we can deliver child care virtually everywhere in New England. In fact, if you are in Hartford or Boston, I would have brought my operation here and provided child care for any of the witnesses or any of the people on your staff. Businesses really respond to that. Because if they are doing a conference, again, in Providence or maybe somewhere up in Bangor, ME, we can meet their needs. We have done it for conferences. It is great for the tourism businesses. It is seasonal, and we use it for Christmas as well. It is a super idea.

Another thing that we are doing is parent education, and we have been, again, underwritten by Junior League to do this. I see parent education as one of the first steps a business would use to step into the child care area. In fact, I have a list of 40 steps that one could follow before you get into onsite child care that is all involved with some issue of child care.

The last program I want to mention is our child care operations, our laboratory for rehab, mentally and physically impaired individuals. That is an untapped employment pool of the future, and what happens is, they work for us, they work in our centers, and once they are judged adequate enough to be able to operate in a different environment—and believe me, if you can operate in our child care environment, you can operate anywhere. If you remember "Hill Street Blues," that gives you an idea of the energy that is going on in our centers like that. But the rehab is fantastic. Giving people who we ordinarily don't consider as being part of the labor pool an opportunity to hone their skills, to learn, and then to go out into the free marketplace and compete.

The last point I want to make—I have made about 10 last points, haven't I? Excuse me. Thank you for indulging me. Certainly, there is a momentum about child care today. It is building on horizons. Yet, we really lack enough quality child care space. The fact that we are having this meeting—we wouldn't need this meeting if that wasn't true. Given the brainpower in America, let alone the leadership in this room, I can't see why, if we can put a man in space, why we cannot create more space for the children of man here on earth.

Thank you very much.

[Dr. Lehane's statement may be found in the appendix.]

Chairman Sisisky. Thank you very much, Dr. Lehane. See, Dr. Hess, the entrepreneurial system is not gone yet.

Mr. Stafford, I want to tell the subcommittee that I just received a note that we have to be out of here at 1 o'clock. It looks like we overdid our stay.

So, Mr. Stafford, go ahead.

TESTIMONY OF P.J. STAFFORD, VICE PRESIDENT, PAL CORPORATE CHILD CARE, SILVER SPRING, MD

Mr. Stafford. I can certainly cut out quite a bit of it.

My name is P.J. Stafford.

Chairman Sisisky. By the way, without objection, we will put a copy of your testimony into the record.

Mr. Stafford. Of course. That would be great.

I am the vice president of a company called PAL Corporate Child Care. It is located here in Silver Spring, MD, and we are a leader in providing small businesses, creating consortium centers for small businesses for on- or nearsite care.

If I walk away from the table in 5 minutes, the one thing I would like to get across are some of the mechanics of this term consortium and onsite care that you have been hearing all day and, more importantly, some of the things that I think that your subcommittee, Members of Congress could do to help spur some more centers like this, and very specific recommendations that you might consider either in conjunction with Lynn Martin's bill or other legislation that is pending.

There are four Play and Learn Centers in the Washington area. They represent hundreds of small businesses which, similar to the previous witness, purchase or reserve spaces in the center prior to them opening. The centers that we run happen to be nonprofit, 501(c)(3) organizations which the companies, sponsoring small businesses, contribute to and, in fact, get ongoing priority enrollments. So, not only do the children of the employees who are currently employed at the center get top quality, nearsite care, but they are able to offer that as a benefit and as a recruiting tool to future employees because they get priority enrollment before the general public does.

The mechanics of this consortium are onsite care. Let me tell you a little bit about it. First, you need a sponsor of the space. You need between 3,000 and 6,000 square feet of space. That is not going to be generally on the site of one of the small businesses because the small businesses don't have that kind of space to give. So, generally, the space is rented from a developer or from a landlord of some site. A second is you need the contributing companies. In Tysons Corner, 22 small to midsized businesses came together to purchase a number of spaces. The third is you need an organization that can actually put it together, that can actually create the child care center and, of course, run it, because the textile manufacturers, the drycleaners—those people aren't in the business of child care, and they are not interested in being in the business of child care.

There are three main attractions to this consortium approach, and a key one is reduced liability. Consortium centers are set up as independent corporations so that no one company assumes the liability of an onsite child care center. The model permits companies to support a center through an initial contribution, but it significantly reduces their liability. Each center carries its own standard day-care insurance policy, usually with coverages over $2 million. Contrary to what is popular belief, the insurance runs less than 1½ percent of the budget of the center. If, in fact, you adhere to certain licensing standards and certain national accrediting standards, you can get insurance for even less than that.

Shared costs—expenses incurred in opening the child care center can be high, and using the consortia method these costs can be equitably distributed among the small companies. So that a law firm, for example, that has a need for two infant care spaces, only purchases two spaces; but a large company, or a larger company that would like 15 or 20, obviously they share in the initial costs pro rata.

A third attraction is the allowance for changing employee population. Small businesses get a big contract, they expand their work force, they lose a contract, they decrease their work force. An onsite center doesn't make sense for a small, growing company a lot of times because you can't predict the number of children of the employees at any one time. So, by having a consortium, it absorbs the ebb and flow.

The third is input without daily involvement. The companies have input on the board of directors. If they want to start a second shift, they have input by which they can have care for the children of their employees who are going to work the second shift, or they have snow day policies and all of this, but they don't have daily involvement in the operation of the center. They leave that to an independent contractor. Whether it is a forprofit or a nonprofit, it doesn't matter.

I am going to skip some of the mechanics of getting it all together. Those will be entered in the record. But let me tell you about what it costs. What the reality of what this cost is.

The space you need, again it varies, depending on where you are in the country, but as a round figure you use $150,000 to build out space that meets licensing requirements. All the little toilets, and the fire-rated walls, and all those things that you need to be licensed. That cost generally in the centers that we are affiliated with is picked up by a developer who does recoup those costs, plus more, of course, through annual rent payments of the lease.

The second is to equip the center and is generally between $40,000 and $50,000, and an outside bank will finance that, just like any small business finances its own equipment. I would like to note that in our great State of Maryland they have a day-care loan guarantee fund that enables us to—banks look at a day-care center a little more seriously when it is State guaranteed, at least part of the loan. So, that is a very useful little feature.

The third is there is about $100,000 in soft costs associated with starting a nearsite center. Soft costs are attorney's fees, and architect's fees, and whatever are the losses that a small business is going to incur until you reach a break-even level of enrollment, and those costs are what the companies contribute in order to get it started. In Tysons Corner there are 87 spaces, and 67 of those spaces were reserved by members of the small business consortium, while 20 of the spaces were reserved for the developer, who uses the spaces as incentives to get employees—companies to locate in the office complex.

Recommendations. Should the Federal Government become involved in helping create these consortium centers or create increasing supply of quality day care? Sherlock Holmes would say that it is a 3-pipe problem. By the end of his third pipe, he would sit back in his chair and say, "It depends." It really does because the need for child care, as we have been hearing all morning, really varies, area of the country to area of the country. In Florida, for example, you can cram in eight infants per care-giver, while in Maryland you can only put three infants per care-giver. You can imagine where the entrepreneurs are going and starting day-care centers. They are going to Florida, for example. I am not saying that is good because I think eight infants per care-giver is outrageous. But the point is that the need, and the supply, and the demand, and how the free market has been meeting this need varies significantly throughout the country.

Some of the steps that I think would be most effective on a Federal level, are in five areas. One is cost. One is liability. The third is the availability of space for the center. The fourth is making quality educational care available to parents of all incomes, and the fifth has to do with State licensing regulations.

First, cost. Employers would be greatly swayed, I think, by some sort of corporate tax credit, which is mentioned by the Lynn Martin bill, up to a maximum of, say, $10,000-$15,000. So that their contribution to the startup of a center, rather than just getting a flat business deduction, they actually can get a credit. For companies where this is not attractive, for example, unprofitable companies, or nonprofit agencies, and Government agencies, there should perhaps also be some sort of matching grant programs. But the amount of money needed is not large.

Second is liability. The centers we create are nonprofit entities, and they have a board of directors, which are composed of representatives from the companies and parents of children who are in the center. The companies have no liability whatsoever except in negligence in selecting the independent contractor. I will skip the liability for now.

Space. That is really a local level. Developers and the local planning boards really have the most effect over developers to encourage them to put day care in their projects. In Silver Spring, where we are working with the developer who is providing free day-care space for the community in exchange for getting to build an extra floor onto their office tower or extra half a floor—it is called increased zoning density—at no cost to the taxpayers and the county, but the developer sees the amount of money is willing to trade this day-care space for it. It is really a local initiative that works.

The last is regulation. Before you give the States any money in block grants, please get them to look at their day-care licensing regulations. Because they are going to be swamped with people opening up day-care centers left and right. They won't be able to handle it and won't be able to assure consistent quality.

This is a final remark. I would like to say that when it was realized that the automobiles and trucks, for example, were crucial to the functioning of the economy, the Congress and the United States set out to put the infrastructure in place to take advantage of automobiles and trucks. For example, they built this fantastic interstate highway system. I think the time has come similarly with women in the work force. They are critical to the labor supply, and we need to put the infrastructure in place to take advantage of them in the next decade.

Thank you.

Chairman **Sisisky**. Thank you, Mr. Stafford.

[Mr. Stafford's statement may be found in the appendix.]

Chairman **Sisisky**. I think, Andy, we have about 5 minutes if you have any questions.

Mr. **Ireland**. I would just say I enjoyed all of what each of you have said. This harks back to the beginning of the morning when we were talking about innovation, and it can be done, and needs to be done, and it is just a whale of an opportunity out there to unleash forces in our economy that we really need to work on. If we have an obligation, from my point of view here, it is to see that that happens and not stifle it either by neglect of ignoring the opportunity and the situation nor by getting us a fullblown Federal Government bureaucracy complete with entitlements and costs that will stagnate the whole effort. I am indebted to all of you for your participation.

And thank you, Mr. Newly Created Chairman.

Chairman **Sisisky**. Thank you. I am also. I apologize again because of the time. It just seems that the time gets away. We are on a very important subject, and I think it is something that will drive something out of here. We want to be sure it is the right thing. But if nothing, we are thinking about it now. This hearing was not for legislation—that will come in the next couple of weeks, and we are going to hear a bill—but just to get ideas, and that is what we have done. We are, indeed, grateful to you all, and to all the witnesses. I just apologize because we didn't have time to really explore the statements that you have made.

Yes, Dr. Hess.

Dr. **Hess**. Could I make one point? Picking up on what Mr. Swain said about the profit/nonprofit issue. With all due respect to my colleague on the right, there was an implication in there that nonprofit means quality and forprofit means bottom line. We chose a forprofit day-care center because it was the ultimate in quality. I would just like to remind you again, especially as Small Business Committee members, that the third recommendation of the White House Conference deals with forprofit fairness and competition and that what develops out of this as the Government gets involved does respect the forprofit providers.

Chairman **Sisisky**. No question about it. I was trying to make it clear, even when we were talking. The State that I represent is having a very difficult time on how to do this with the private sector and the nonprivate sector, to be sure that there is a level playing field out there, and I think that is what all of us want to do.

But thank you so much.

Dr. **Lehane**. Mr. Chairman, may I just add a footnote to that?

Chairman **Sisisky**. Sure.

Dr. **Lehane**. We have 600 child care slots in all of the operations that I am responsible for, and we run without a penny of subsidy from the university or from anyone else. The thing is, when you do child care you are not just talking about babies or kids before school, it is the whole spectrum. Like Camps, our moneymaker, they subsidize the infant programs, which wouldn't be affordable to everyone. So, you have to look at it on a large scale and all of the kids' needs.

I think—and I really want to reinforce it—you can make a profit, you can break even, whatever it is, and you can provide quality care. They are not mutually exclusive.

Thank you.

Chairman **Sisisky**. Thank you so much. The subcommittee will stand adjourned until the call of the Chair.

[Whereupon, at 1:00 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

CONGRESSMAN
NORMAN SISISKY
NEWS RELEASE
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OPENING STATEMENT
CONGRESSMAN NORMAN SISISKY, CHAIRMAN, SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS OF THE U.S. HOUSE COMMITTEE ON SMALL BUSINESS

HEARING
JUNE 8, 1988

"DAY CARE: ITS IMPORTANCE TO SMALL BUSINESS"

THANK YOU MR. CHAIRMAN. I AM PLEASED TO BE JOINING YOU TODAY IN THESE PROCEEDINGS AND, ON BEHALF OF THE SUBCOMMITTEE AND THOSE IN ATTENDANCE, I THANK YOU AND THE RANKING MINORITY MEMBER, ANDY IRELAND, FOR YOUR FORESIGHT IN CALLING THIS HEARING.

LET ME ALSO THANK EACH OF YOU ON THE SUBCOMMITTEE, AND OUR COLLEAGUES WHO WILL BE PARTICIPATING AS WITNESSES IN A SHORT WHILE, FOR THE INTEREST AND LEADERSHIP YOU'VE DEMONSTRATED IN THE AREA OF CHILD CARE AND FOR YOUR PRESENCE HERE TODAY. OUR GRATITUDE AND PRAISE EXTENDS ALSO TO OUR DISTINGUISHED WITNESSES FROM FEDERAL AND STATE GOVERNMENT, AS WELL AS THE PRIVATE SECTOR, WHO SOON WILL SHARE WITH THIS SUBCOMMITTEE TESTIMONY THAT I'M CERTAIN WILL BE AN IMPORTANT ADDITION TO THE DISCUSSION ON CHILD CARE POLICY.

PRESIDENT KENNEDY ONCE NOTED THAT "A CHILD MISEDUCATED IS A CHILD LOST." THAT WARNING, IT SEEMS TO ME, APPLIES SIMILARLY TO THE ISSUE WE'RE DISCUSSING TODAY -- DAY CARE IN AMERICA.

ESSENTIALLY WHAT WE'RE HERE TO CONSIDER IS THE WELL-BEING OF OUR NATION'S CHILDREN. WHEN ALL IS SAID AND DONE, OUR ACTIONS WILL BE JUDGED BY HOW WELL WE'VE CULTIVATED SAFE AND NURTURING ENVIRONMENTS FOR THESE CHILDREN WHEN THEY ARE LEFT IN THE CARE OF OTHERS BESIDES THEIR PARENTS. TO FAIL IN THIS TASK MEANS JEOPARDIZING THE LIVES OF TOMORROW'S LEADERS, AND THUS OUR NATION'S FUTURE. WE SIMPLY CANNOT FAIL, NOR WILL WE FAIL AS LONG AS OUR CHILDREN'S BEST INTEREST REMAINS OUR FIRST PRIORITY.

AMERICA'S WORK FORCE HAS CHANGED DRAMATICALLY OVER THE LAST SEVERAL DECADES. WITH THE EVER-INCREASING NUMBER OF WORKING MOTHERS, THE DEMAND FOR AFFORDABLE, QUALITY CHILD CARE SERVICES HAS REACHED AN ALL-TIME HIGH. IN THE CURRENT SITUATION, PARENTS SEARCHING FOR DAY CARE TOO OFTEN ARE FORCED TO MAKE A CHOICE BETWEEN THE UNAFFORDABLE AND THE UNDESIRABLE. IF THEY CHOOSE NEITHER, THEIR JOBS ARE THREATENED AS IT BECOMES NECESSARY FOR

THEM TO MISS WORK HABITUALLY IN ORDER TO CARE FOR THEIR CHILDREN. WHEN FACED WITH BEING DISMISSED FROM THEIR JOBS AND THE LOSS OF INCOME THAT WOULD MEAN, MANY PARENTS FEEL COMPELLED TO AGREE TO A LESS THAN SATISFACTORY DAY CARE ARRANGEMENT.

BUT THE LACK OF ACCEPTABLE DAY CARE FACILITIES POSES A PROBLEM FOR BUSINESSES AS WELL, PARTICULARLY SMALLER BUSINESSES. EXCESSIVE AND UNEXPECTED EMPLOYEE ABSENCES OBVIOUSLY MAKES RUNNING A BUSINESS MORE DIFFICULT. FURTHERMORE, IF PARENTS AREN'T SATISFIED WITH THEIR DAY CARE CHOICES, PRODUCTIVITY SUFFERS AND THE COST TO BUSINESS CAN BE GREAT AS A RESULT.

THIS IS THE DAY CARE DILEMMA. AND IT HAS ALREADY GENERATED A VARIETY OF RESPONSES. AT LEAST 60 BILLS SEEKING TO PROVIDE FUNDING FOR CHILD CARE SERVICES HAVE BEEN INTRODUCED DURING THIS CONGRESS, IN ADDITION TO MISCELLANEOUS LEGISLATION CONTAINING CHILD DAY CARE PROVISIONS. WHILE VARIED IN SCOPE AND COST, THEY ALL SHARE THE COMMON PURPOSE OF HELPING FAMILIES OUT OF THEIR QUANDRY. YET, THE DIFFERENCES IN THE MEASURES ARE WIDE ENOUGH TO ENSURE A SPIRITED AND POSSIBLY PROTRACTED DEBATE IN THE MONTHS AHEAD.

HOWEVER, WE ARE NOT ASSEMBLED THIS MORNING TO FOCUS ON SPECIFIC PROPOSALS. THAT IS A TASK FOR ANOTHER DAY; RATHER, OUR OBJECTIVE FOR NOW IS TO SHED LIGHT ON THE PROBLEM. GIVEN THE RAPID MOVEMENT TOWARD A FEDERAL LEGISLATIVE RESPONSE, IT SEEMS FITTING FOR US TO CONSIDER FOR A MOMENT THE SMALL BUSINESS PERSPECTIVE.

ALTHOUGH SEVERAL BUSINESSES THROUGHOUT THE NATION HAVE BEEN SUCCESSFUL IN MEETING THE DAY CARE NEEDS OF EMPLOYEES, AS SOME OF OUR WITNESSES WILL TELL US, THE CHALLEGE IS TREMENDOUS. THERE MOST CERTAINLY IS A ROLE FOR BUSINESSES, LARGE AND SMALL, IN THE PROCESS OF ESTABLISHING CHILD CARE POLICY. TO ELIMINATE THEM FROM THE EQUATION WOULD BE AN UNFORTUNATE MISTAKE. BUT IT WOULD BE JUST AS MISGUIDED TO ASSUME THAT SMALL BUSINESSES ALONE CAN MEET EMPLOYEE DAY CARE NEEDS.

WE WILL CONTRIBUTE SIGNIFICANTLY TO THE DEBATE BY ASKING SOME FUNDAMENTAL QUESTIONS TODAY -- SUCH AS, WHAT IS THE IMPACT OF INADEQUATE CHILD CARE ON SMALL BUSINESSES? HOW CAN SMALLER FIRMS USE THEIR LIMITED RESOURCES TO ASSIST EMPLOYEES? AND TO WHAT EXTENT SHOULD FEDERAL, STATE AND PRIVATE INITIATIVES BE TARGETED TOWARD AIDING SMALL BUSINESSES IN SETTING UP THEIR OWN DAY CARE CENTERS?

GETTING ANSWERS TO THOSE QUESTIONS AND MORE IS THE PURPOSE OF THIS HEARING. I FEEL CONFIDENT THAT THE TESTIMONY RECEIVED HERE WILL BE MOST USEFUL IN THAT REGARD.

THANK YOU.

JAMES H. BILBRAY
1st District, Nevada

Committee on
Foreign Affairs

Committee on
Small Business

Select Committee
on Aging

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STATEMENT OF CONGRESSMAN JAMES H. BILBRAY
BEFORE THE SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS
JUNE 8, 1988

Mr. Chairman, I commend you on bringing the issue of child care to this Subcommittee today. In this day and age, with more and more working mothers in the work force we are faced with the problem of unsatisfactory day care. It is a concern approaching its apex in the small business community. Day care is no longer a problem facing the few, the concern has reached such large proportions that it is a concern of the majority of working parents.

Although small businesses are not equipt to provide equal services to that of large corporations there are options for small businesses to consider. You will be presented with such options as State-guaranteed loan programs to assist in the development of day care, you will see the true success story of the Extended School Day Program in Tennessee, both of which are day care programs directed toward the work force of the small business community.

The children are the ones who will benefit from these programs. Can we truely afford not to consider the options directed toward the care and development of our children?

ANDY IRELAND
10TH DISTRICT, FLORIDA

COMMITTEE ON
ARMED SERVICES

SUBCOMMITTEES:
PROCUREMENT AND
MILITARY NUCLEAR SYSTEMS
INVESTIGATIONS

COMMITTEE ON
SMALL BUSINESS

SUBCOMMITTEE:
VICE CHAIRMAN
EXPORTS, TOURISM, AND
SPECIAL PROBLEMS

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June 9, 1988

Congressman Norman Sisisky
426 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman,

For the record I would like to publicly thank Kenneth H. Davidson for bringing this issue and especially the daycare program of the Murfreesboro Tennessee school system to our attention. Many of us will recall that Ken served on this committee staff with distinction for several years. During that time he was involved in many of the most important small business issues and also played a key role in the first White House Conference on Small Business.

Ken is now a small businessman himself serving as a Video Consultant to various organizations. We wish him well and thank him.

Sincerely Yours,

Andy Ireland
Member of Congress

TESTIMONY OF CONGRESSMAN RON WYDEN
BEFORE THE
SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS
JUNE 8, 1988

Mr. Chairman,

This last March, my Subcommittee on Regulation and Business Opportunities held a field hearing in Portland, Oregon about the Impact of Child Care on Small Businesses. The Subcommittee heard witnesses ranging from parents and child care providers to small business owners and labor leaders.

The one message that came through loud and clear from all of these witnesses was that the federal government should be a better partner in helping to make child care work as an economic development tool.

More and more, the small businesses are finding out about the connection between the blessed event and the bottom line. This shows up in several ways. Recent studies indicate that problems related to child care cost employers about 3 percent in foregone productivity per employed parent per year.

Women are now a crucial and permanent part of our labor force. In Oregon, working women accounted 98 percent of the growth in the state's workforce in the last eight years. Yet the number of children whose mothers worked fare exceeded the number of places available in licensed day care operations.

In addition, it's time we recognize the child care industry itself as a major force in our economy. According to the state Commission on Child care, it ranks second only to the number of Oregonians it employs.

The Congress needs top examine all of the child care proposals with an eye toward providing as much flexibility as possible for small businesses and the parents these businesses employ.

While a large business may find some benefit in providing an on-site child care setting for its workers, a project of this magnitude is simply out of reach for the majority of small businesses. But on-site child care need not be the only game in town.

We need to find ways to encourage these small businesses to find workable solutions to the child care crunch. Economic incentives, such as low interest loans and tax credits for businesses which pool together to provide child care services for workers could be a practical solution.

Parents also need the assurance that their child care needs are being met with safety, quality and affordability as guiding principals.

CONGRESSMAN RON WYDEN
TESTIMONY
JUNE 8, 1988

We also need to provide more recognition to the child care providers themselves as small business operators. A good first step on this front would be to make sure that the Small Business Administration sees to it that child care businesses are given an equal chance at getting the guidance and assistance from SBA that other small businesses receive.

While there are more than a 100 different child care bills now pending in the Congress the debate is focused on two proposals, the Act for Better Child Care Services, H.R. 3660, which I am cosponsoring, and the Child Care Services Improvement Act, introduced by Congresswoman Nancy Johnson.

Admittedly, this is an expensive problem for families, businesses, and government to tackle. But we can pay now or we can pay later. Worker absenteeism and reduced productivity are just the short term cost of the child care crisis. Crime, chronic unemployment, and higher welfare costs are the long term cost of ignoring the needs of our children, their parents, and employers.

I look forward this year to working in a bi-partisan fashion on getting a national child care policy enacted.

I'll be happy to answer any questions that you might have.

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STATEMENT OF THE HONORABLE LYNN MARTIN
BEFORE THE SUBCOMMITTEE ON EXPORTS, TOURISM, AND SPECIAL PROBLEMS OF THE COMMITTEE ON SMALL BUSINESS

JUNE 8, 1988

Mr. Chairman: I appreciate the opportunity to testify before this Subcommittee. The proposal I offer here would enable small businesses to make an important contribution to the well-being of their employees, their communities, and, above all, their children. Before I present the arguments for my proposal, I would like to share with you a short vignette:

Imagine a middle-sized mall where 500 people work daily. They are ordinary people: mothers, fathers, minorities, a few immigrants, all struggling to make the American dream their own. Many of them have children under the age of six. 80 percent of these parents are looking for child care. They look everywhere, near and far away from their homes and the mall, but few find decent and affordable situations for their children. Most of them earn too much money to qualify for AFDC assistance but too little to afford private care. Neither the department store, the jewelry shop, the boutique, the ice cream parlor, nor the shoe store provides them with child care because none of these independent businesses has the time, the money, or the sense to do so.

So the people who work at the mall struggle to get along without child care. And when the arrangements with their neighbors or relatives fall through, or if their children get sick, well then, our friends at the mall miss a few days of work, take home a smaller paycheck, or risk losing their jobs. This situation is clearly bad for the family. It is also bad for the businesses involved.

But if the employers in the department store, the jewelry shop, the boutique, the ice cream parlor, the shoe store, and all the other shops in the mall pooled their money, their energy, and their business know-how, they could establish and support a convenient, safe and affordable day care center for the children of the people who work for them. Who knows? Perhaps they could even find room for some children of non-employees, and perform a valuable service to the surrounding community.

The legislation I introduced this spring would help ordinary, working Americans who work in small businesses find close, affordable and reliable child care. It would also help small businesses compete with larger corporations, many of which already provide this benefit to their employees. The CCCARE bill would accomplish this through a tax credit and a grant program for businesses which form child care consortia. Businesses would be able to take a 10 percent tax credit for all costs associated with constructing, owning and operating a child care center. The grant program would exist for only two years and cost but $1.6 million a year. Its purpose would be to help small businesses start such programs across the country, in both metropolitan and rural areas.

The results of three national surveys indicate that employers who implement child care services for their employees are better off than those employers who do not. Having a day care center for their employees' children, the interviewed businesses assert, significantly increases the firm's ability to attract and recruit employees, lowers absenteeism, improves employee morale, reduces job turnover rates, lessens tardiness, improves the firm's community image, heightens employee motivation and productivity. I am certain that the representatives from the business community who are with us today will concur with these findings.

Child care reduces stress for employees, whether they are male or female. Dana Friedman of the Conference Board points out that a 1985 Boston study showed that "the stress of balancing work and family responsibilities is the heaviest contributor to depression among employees, regardless of gender." In a firm with a day care center, parents and children spend more time together since parents can visit during the work day. Because parents can reach their children during an emergency, they spend less time worrying about them while they work.

The problems of finding affordable child care do not belong to employees alone. Many small business owners and beginning entrepreneurs also have trouble finding affordable and satisfactory child care arrangements. This problem is particularly acute for single, independent businesswomen. In fact, the lack of child care could be the major hurdle preventing these women from achieving economic equity.

Despite their recent and rapid entry into the work force, however, women's earnings still lag behind men's. This is true for women business owners too. Although women opened businesses at a significantly faster rate than men during the last five years, the sales of a typical woman-owned business have remained relatively the same since 1983. When we consider that more than seven out of ten women aged 25 to 54--the prime childbearing years--are in the work force today, and when we assume that the profile of women business owners roughly corresponds to that of working women in general, then we can conclude that at least half of the women who own or are just opening small businesses are in this age group. If these women had access to affordable, convenient child care, they would have more time and energy to devote to their businesses. Making it easier for women business owners to find child care would improve their own productivity, which contributes to the national economy.

The sheer numbers of new women business owners have already proven that they are inventive, willing to take financial risks, and hardworking. What their lower earnings tell us is that women business owners are up against more than the market. In addition to the normal cares and responsibilities of running a business, women business owners bear the responsibilities of running families.

The CCCARE bill is designed to help the smallest of small business owners. To qualify for the grant program or the tax credit, businesses may not have more than $5 million in average annual receipts over a three-taxable-year period. The smallest business owners--those who employ five or fewer employees--would also be exempt from Section 129(d) in the Internal Revenue Code, which prevents business owners and their most highly compensated employees from taking more than 25 percent of the child care benefits which their businesses provide. This feature would enable a three-person operation to join other, larger businesses and still receive full benefits from the child care program they all support.

As I've already noted, the CCCARE bill does not attempt to answer all the problems associated with child care. We are still learning about this issue and, as many of my colleagues have asserted, meeting our nation's need for child care is a project for both the federal government and private businesses. What we do know is this: neither sector should bear this responsibility alone. What is needed is more study of how both the federal government and the private sector can and should help increase the availability of affordable child care. My proposal would establish a National Advisory Commission to do just this. The bipartisan representatives from the federal government and private sector (including some parents) serving on this commission would study the effect our nation's lack of child care has on business and our economy and recommend ways that the federal government and the private sector could team up to solve the problems this lack creates. 18 months after this commission convenes it will issue a report and disband.

Mr. Chairman, in this hearing today you will hear from many fine experts on the business community's interest in child care. You will also hear from my distinguished colleagues Mrs. Johnson and Mrs. Collins, who have spent a great deal of energy and time creating thoughtful legislative solutions to the child care crisis. Some of these are more comprehensive than my proposal, which is designed to complete these other, excellent plans. The CCCARE bill won't help welfare mothers. It won't help the family with designer baby strollers and two BMWs. It will act as a safety net to catch those families who don't earn top salaries but who bounce off the AFDC trampoline. It will promote economic equity for women small business owners. It will help those families struggling to achieve the American Dream in small independent businesses. By itself, no bill and no social plan can catch everyone. I certainly hope that the Members of this Committee will give this very serious consideration. It lends a hand to those whom America most often forgets.

TESTIMONY TO
SMALL BUSINESS SUBCOMMITTEE
ON EXPORTS, TOURISM, AND
SPECIAL PROBLEMS

EVA S. TEIG
SECRETARY OF HUMAN RESOURCES
MAY 18, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR YOUR KIND INVITATION TO TESTIFY TODAY CONCERNING ECONOMIC AND CHILD CARE ISSUES FACING SMALL BUSINESSES IN VIRGINIA.

AS YOU MAY BE AWARE, THE GOVERNOR OF VIRGINIA, GERALD L. BALILES, IS DEEPLY COMMITTED TO THE COMMONWEALTH'S ECONOMIC GROWTH. AT THE REGIONAL LEVEL, AS CHAIR OF THE SOUTHERN GROWTH POLICIES BOARD, GOVERNOR BALILES IS A LEADER IN ENCOURAGING AND STIMULATING BANKING POLICIES WHICH WILL NOT ONLY STRENGTHEN URBAN-SUBURBAN AREAS, BUT WILL ALSO BECOME A "SOURCE OF RENEWAL FOR DEPRESSED, SLOW-GROWING RURAL ECONOMIES."[1] INTERNATIONALLY, GOVERNOR BALILES HAS PROMOTED VIRGINIA PRODUCTS, GOODS, AND SERVICES THROUGH THE ESTABLISHMENT OF TRADE RELATIONSHIPS WITH SEVERAL COUNTRIES.

WITHIN THE COMMONWEALTH, THE GOVERNOR HAS FOCUSED ON POLICIES WHICH ACKNOWLEDGE THE INTERDEPENDENCE OF ECONOMICS AND SOCIETY, BUSINESS AND FAMILY. GOVERNOR BALILES HAS STATED THAT "ECONOMIC GROWTH, THE MOST POTENT SOCIAL PROGRAM YET DEVISED, PROVIDES JOBS FOR WORKERS, HOMES FOR FAMILIES, OPPORTUNITIES FOR ENTERPRISE AND REVENUE FOR GOVERNMENT TO MEET THE NEEDS OF THE COMMONWEALTH. ECONOMIC GROWTH ALLOWS US TO DO MORE THAN PROVIDE EDUCATION, TRANSPORTATION AND HEALTH CARE. IT ENABLES US TO REACH OUR POTENTIAL, TO EXCEL, AND TO PROSPER."[2] EXPANDING ECONOMIC OPPORTUNITIES AND PROTECTION OF CHILDREN WERE AMONG THE PRIORITIES THE GOVERNOR OFFERED IN HIS 1988 BUDGET PROPOSAL.

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[1] SOUTHERN GROWTH, VOL. 15, NO. 1, P. 2.

[2] CONDITION OF THE COMMONWEALTH, P. 2.

An integrated policy of economic and social development recognizes the role of human resources and services as a support for the economic system. A healthy economic system, in turn, provides increased opportunities for greater enhancement of our human resources and the strengthening of Virginia's families.

Governor Baliles' economic-social policy is working - "The 1987 Grant Thornton Business Climate Study ranked Virginia fourth overall among the 50 states. Inc. magazine cited Virginia's economy as one of the fastest growing in the nation, rating Virginia fifth among all states."[3]

As Virginia (and the United States) have moved from an industrial to a service and information economy, dramatic changes have occurred in the family. Largely for economic reasons, parents are less likely to remain at home full time with their children and often rely on others for care of their children while they work. When more than half the children under age five and approximately two-thirds of school-aged children are cared for outside the home,[4] political and business leaders must be concerned about the present and future impacts of child care on the children served.

A weak, uncoordinated, and disjointed child care system can be disruptive, not only for parents with child care problems, but also for employers who must cope with reduced productivity. But far more than

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[3] Ibid, p. 28.

[4] CDF, A Call for Action to Make our Nation Safe for Children, 1988, p. 19.

THIS IMMEDIATE CONCERN IS THE CONCERN THAT CHILDREN OF WORKING PARENTS RECEIVE QUALITY CARE THAT WILL CONTRIBUTE TO THEIR FAMILIES' PRODUCTIVE INTEGRATION INTO AN ECONOMICALLY SOUND SOCIETY.

THE BALILES ADMINISTRATION HAS DEMONSTRATED CONSIDERABLE CONCERN FOR CHILD CARE ISSUES. IN 1987, THE GOVERNOR CONVENED A GOVERNOR'S CONFERENCE, CHILD CARE: EVERYBODY'S BUSINESS. PARTICIPANTS (INCLUDING EMPLOYERS, HEALTH, MENTAL HEALTH, SOCIAL SERVICES, AND EARLY CHILDHOOD PROFESSIONALS, REPRESENTATIVES OF THE RELIGIOUS COMMUNITY, GOVERNMENT OFFICIALS, AND CHILD ADVOCATES) RECOMMENDED:

- STATE-LEVEL COORDINATION OF CHILD CARE SERVICES,
- INCREASED CHILD CARE SUBSIDIES FOR THE WORKING POOR WITH AN EXAMINATION OF A VOUCHER SYSTEM,
- THE REMOVAL OF LICENSING EXEMPTIONS (VIRGINIA HAS FIVE TYPES OF FACILITIES WHICH ARE EXEMPT FROM LICENSURE),
- A STUDY OF TRAINING AND COMPENSATION OF CHILD CARE PROVIDERS,
- THE ESTABLISHMENT OF MODEL PROGRAMS, AND
- THE ESTABLISHMENT OF A ONE-STOP OFFICE FOR EMPLOYERS INTERESTED IN CHILD CARE BENEFITS FOR EMPLOYEES.

ALSO IN 1987, GOVERNOR BALILES ESTABLISHED A CORPORATE ADVISORY COMMISSION ON EMPLOYERS' INITIATIVES FOR CHILD DAY CARE. COMPRISED OF 13 CHIEF EXECUTIVE OFFICERS AND HIGH-LEVEL MANAGERS OF VIRGINIA BUSINESSES WITH OVER 50 EMPLOYEES, THE COMMISSION WAS CHARGED WITH DEVELOPING STRATEGIES AND PROPOSING INCENTIVES WHICH WOULD ENCOURAGE EMPLOYER SUPPORT FOR CHILD CARE.

I was personally impressed with the Commission's dedication and their emphasis on solutions for small businesses, as well as large corporations. The Commission's recommendations, which were issued in March of this year, focused on three areas: 1) promotion of, and education about, employer child care benefits; 2) government and business partnerships; and 3) service development and expansion.

In the interest of time, I shall limit my comments about the Commission's recommendations to those which affect small businesses, such as coordination, marketing, etc. (The recommendations may be found on page 13 of the Commission report, which is attached to my testimony.)

Child Care Coordination

Small and large businesses alike are experiencing barriers in obtaining child care assistance, consultation, and services for their employees. (Several localities in Virginia have no licensed child care services.) State-level coordination is needed. Toward that end, the General Assembly has appropriated funds to the Office of Human Resources to conduct a study and promote state-level coordination over the next year - beginning on July 1.

Marketing of Child Care

Commission members have stated that "marketing is one of the most effective strategies to stimulate employer interest."[5] Proprietors of small businesses may not be aware of child care alternatives, nor of the impact of child care benefits on productivity. Outreach is needed. As a

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[5] Report of the Governor's Corporate Advisory Commission on Employers' Initiatives for Child Day Care, p. 38.

RESULT OF THE COMMISSION'S REPORT, THE ADMINISTRATION WILL OFFER A SERIES OF REGIONAL MEETINGS FOR EMPLOYERS BEFORE THE END OF THIS YEAR. THE FOCUS OF THESE MEETINGS WILL BE ON NETWORKING EMPLOYERS WITH CHILD CARE INFORMATION RESOURCES, AND WE ANTICIPATE INCLUDING SOME SMALL BUSINESSES IN THESE DISCUSSIONS.

VIRGINIA BUSINESS ADVISORY COUNCIL FOR CHILD DAY CARE

COMMISSION MEMBERS VISUALIZED SUCH AN ORGANIZATION TO FUNCTION AS A SPEAKERS' BUREAU AND PEER SUPPORT PROGRAM. PARTICIPATING CORPORATE EXECUTIVES WOULD PROVIDE OPPORTUNITIES FOR SMALL AND LARGE BUSINESSES TO INTERACT AND POSSIBLY TO COORDINATE JOINT CHILD CARE SERVICES IN THEIR LOCALITIES. MENTORING EFFORTS BY BUSINESS LEADERS WERE STRESSED BY COMMISSION MEMBERS AS BEING VITAL TO THE PROMOTION OF CHILD CARE SERVICES TO SMALL BUSINESSES.

VOUCHER SYSTEM

ON-SITE CHILD CARE IS EXPENSIVE AND IMPRACTICAL FOR MOST SMALL BUSINESSES TO PROVIDE SINCE SPACE AND RESOURCES ARE USUALLY LIMITED. TYPICALLY, A SMALL BUSINESS BY ITSELF COULD NOT BEAR THE EXPENSE OF ADDITIONAL STAFF, RESTAURANT SERVICES, SPECIAL FURNITURE AND EQUIPMENT, AND LIABILITY INSURANCE.

ONE ALTERNATIVE BUSINESSES COULD PROVIDE WHICH WAS PROPOSED BY THE COMMISSION IS A GOVERNMENT-BUSINESS VOUCHER MODEL WHICH WOULD ALLOW THE COST OF CHILD CARE TO BE SHARED BY GOVERNMENT, EMPLOYER, AND EMPLOYEE. IN THE COMMISSION'S PROPOSAL, THE GOVERNMENT WOULD SELL CHILD CARE VOUCHERS TO EMPLOYERS FOR 75-85 PERCENT OF THE VOUCHERS' FACE VALUE. THE EMPLOYERS WOULD THEN SELL THE VOUCHERS FOR 50 PERCENT OF THEIR FACE VALUE

TO THEIR EMPLOYEES, OR THE EMPLOYERS MAY CHOOSE TO GIVE THE VOUCHERS TO EMPLOYEES. REGARDLESS, THE VOUCHERS COULD THEN BE USED TO PURCHASE CARE FROM ANY LICENSED OR CERTIFIED CHILD CARE PROVIDERS AT THEIR FULL FACE VALUE. THE PROVIDERS WOULD REDEEM THE COUPONS FROM THE ISSUING AGENCY.

CERTAINLY, SUCH A PROPOSAL SEEMS LIKE AN ATTRACTIVE WAY TO SPREAD OUT THE COST OF CARE. FURTHER STUDY OF THIS APPROACH WILL BE NEEDED.

FINANCIAL STRATEGIES

SEVERAL COMMISSION RECOMMENDATIONS REGARDING FINANCIAL STRATEGIES ARE UNDER CONSIDERATION. MATCHING GRANTS OF SEED MONEY FOR LOCAL DAY CARE EFFORTS WERE RECOMMENDED, AS WAS A STATE-GUARANTEED LOAN PROGRAM TO ENABLE SMALL BUSINESSES TO DEVELOP CHILD CARE FACILITIES.

TWO TYPES OF PROGRAMS WERE RECOMMENDED AS TARGETS OF THESE FUNDING STRATEGIES: 1) CONSORTIA; AND 2) RESOURCE AND REFERRAL SERVICES. A CONSORTIUM IS A GROUP OF EMPLOYERS WHO WORK TOGETHER TO EXAMINE THE CHILD CARE NEEDS OF THEIR EMPLOYEES, LOOK AT THE AVAILABILITY AND QUALITY OF CHILD CARE SERVICES IN THE AREA, AND THEN DEVELOP SOLUTIONS AND PROGRAMS WHICH MEET THE EMPLOYERS' AND EMPLOYEES' NEEDS. CURRENTLY, THERE ARE 4 CHILD CARE CONSORTIA IN VIRGINIA REPRESENTING 66 PARTICIPATING BUSINESSES.

RESOURCE AND REFERRAL (R&R) SERVICES TYPICALLY RECRUIT DAY CARE PROVIDERS AND OFFER TRAINING AND TECHNICAL ASSISTANCE TO IMPROVE THE QUALITY OF AVAILABLE CARE. THE R&R SERVICES USUALLY ASSIST PARENTS IN LOCATING AVAILABLE CHILD CARE SPACES. THERE ARE APPROXIMATELY 34 COMPANIES WHICH PURCHASE RESOURCE AND REFERRAL SERVICES FROM LOCAL GROUPS IN VIRGINIA.

INCREASED FUNDING FOR THE CHILD CARE FEE SYSTEM

THE CHILD CARE FEE SYSTEM IS A STATE-FUNDED, SLIDING-FEE-SCALE SUBSIDY PROGRAM FOR THE WORKING POOR WHO EARN LESS THAN 70 PERCENT OF THE MEDIAN INCOME. (VIRGINIA'S MEDIAN IS $31,148 FOR A FAMILY OF 4, 1987.)[6] THE COMMISSION RECOGNIZED THE IMPORTANCE OF CHILD CARE SUBSIDIES, ESPECIALLY TO PARENTS WHO WORK AT ENTRY-LEVEL POSITIONS.

THE GENERAL ASSEMBLY APPROVED THE GOVERNOR'S REQUEST FOR AN INCREASE OF $10 MILLION FOR THE 1988-90 BIENNIUM (BRINGING THE BUDGET FOR THIS PROGRAM TO $13 MILLION). IT IS ESTIMATED THAT VIRGINIA WILL BE ABLE TO HELP MORE THAN 3,500 CHILDREN PER MONTH RECEIVE CHILD CARE SERVICES DURING THIS BIENNIUM.[7]

TECHNICAL ASSISTANCE AND FINANCIAL SUPPORT

THE COMMISSION RECOMMENDED THAT LOCAL COMMUNITIES, ESPECIALLY THOSE WITH NO LICENSED CHILD CARE SERVICES, SHOULD RECEIVE TECHNICAL ASSISTANCE AND FINANCIAL SUPPORT FOR THE RECRUITMENT AND TRAINING OF CHILD CARE PROVIDERS. THE GENERAL ASSEMBLY RECOGNIZED THE IMPORTANCE OF THIS RECOMMENDATION AND RECENTLY PASSED LEGISLATION ESTABLISHING A PILOT PROJECT FOR CHILD CARE IN RURAL AREAS. THE DEPARTMENT FOR CHILDREN, THE VIRGINIA COOPERATIVE EXTENSION SERVICE, AND THE DEPARTMENT OF SOCIAL SERVICES ARE CURRENTLY WORKING WITH CAROLINE COUNTY, A RURAL COMMUNITY

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[6] VIRGINIA DEPARTMENT OF ECONOMIC DEVELOPMENT

[7] VIRGINIA DEPARTMENT OF SOCIAL SERVICES

WITH NO LICENSED CHILD CARE PROVIDERS, TO PROMOTE CHILD CARE SERVICES. A FINAL REPORT ON THIS PROJECT WILL BE ISSUED TO THE GENERAL ASSEMBLY ON JANUARY 1, 1990.

CHILD CARE BENEFITS FOR STATE EMPLOYEES

THE COMMISSION MEMBERS RECOMMENDED THAT THE COMMONWEALTH TAKE THE OPPORTUNITY TO SERVE AS A MODEL EMPLOYER FOR BUSINESSES OF ALL SIZES. CURRENTLY, SEVERAL STUDIES ARE ON-GOING, AND I AM ESPECIALLY PLEASED THAT THE DEPARTMENT OF TRANSPORTATION IS REMODELING A RECENTLY PURCHASED BUILDING TO HOUSE AN ON-SITE CHILD CARE CENTER FOR STATE EMPLOYEES IN THE RICHMOND AREA. THE DEPARTMENT WILL ACCEPT BIDS FROM DAY CARE PROVIDERS FOR CENTER OPERATION IN THE FALL OF THIS YEAR.

STRENGTHENING THE QUALITY OF CARE

THE COMMISSION MEMBERS WERE DEEPLY CONCERNED ABOUT THE QUALITY OF CARE WHICH EMPLOYEES' CHILDREN RECEIVE, NOTING A DIRECT CORRELATION TO REDUCED PRODUCTIVITY WHEN PARENTS EXPERIENCE DIFFICULTIES WITH CHILD CARE ARRANGEMENTS. THE COMMISSION RECOMMENDED A VARIETY OF POSSIBLE TAX AND ECONOMIC SOLUTIONS TO UPGRADE THE QUALITY OF CARE. THESE RECOMMENDATIONS WILL REQUIRE FURTHER STUDY.

LEGISLATIVE INTEREST IN CHILD CARE

THE 1988 GENERAL ASSEMBLY VOTED TO CONTINUE THE WORK OF A JOINT LEGISLATIVE STUDY COMMITTEE ON EARLY CHILDHOOD EDUCATION (HJR 27, FORMERLY HJR 299). ALL TYPES OF CHILD CARE ISSUES WILL BE STUDIED IN THE COMING YEAR AS A RESULT OF THE COMMITTEE'S ON-GOING EFFORTS.

The General Assembly also mandated a study of the state's child care licensing laws and exemptions by the Joint Legislative Audit and Review Commission, an august body of seasoned legislators. This legislative oversight group will focus especially on equitable licensing laws.

I consider Virginia to be on the cutting edge in its efforts to promote child care and strengthen families who will in turn strengthen the economy. The very existence of the Corporate Advisory Commission has demonstrated the resolve of this administration to initiate public and private collaborative efforts. We, as Virginians, recognize the need for strong families, the foundation of a stable, reliable labor force. The fabric of our society is woven by social programs that make economic sense and economic programs which enhance the basic quality of our communities and our Commonwealth. Child care programs and services represent a thread of society's fabric which links social and economic development in its best sense.

I will be glad to answer any questions you may might have.

BPW
usa

The National Federation of Business
and Professional Women's Clubs, Inc.
of the United States of America

2012 Massachusetts Avenue, N.W.
Washington, D.C. 20036
(202) 293-1100

STATEMENT BY BPW/USA
THE NATIONAL FEDERATION OF
BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.

TO

THE HOUSE COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROJECTS
UNITED STATES HOUSE OF REPRESENTATIVES
HEARINGS ON SMALL BUSINESS DAY CARE
WEDNESDAY, JUNE 8, 1988

My name is Linda Dorian. I am Executive Director of the National Federation of Business and Professional Women's Clubs, Inc. (BPW/USA). Mr. Chairman, members of the Committee, I want to thank you for giving BPW/USA the opportunity to present testimony to this Committee on an issue of great importance to BPW -- the role of business in child care. I would also like to thank Chairman Sisisky for taking the opportunity to hold hearings on this topic. Hearings such as these provide all of us-- government, private sector, education, and the non-profit community -- with food for thought and a basis for action. Thank you.

BPW is the oldest and largest organization in America dedicated to the needs of working women. We are 120,000 women and men from across the America. Our members are business people and professionals and range from corporate vice-presidents to entrepreneurs who are the business. Since 1919, we have been a leader in the development of public policy affecting working women, and we work at all levels -- federal, state and local government; within our own businesses; and in organizations to which we belong. BPW sees its role as two fold: promoting women's role in the workforce and helping business to adapt to the social and economic climate created by women's changing role. We are especially sensitive to the needs of small businesses because one third of our members are employed in or own small businesses. Many others serve these small businesses as bankers, computer specialists, accountants, telecommunication experts, and in other professional capacities.

Our experiences and our livelihoods give us a unique perspective on the issues being discussed today. As businesswomen we deal daily with the impact of the changing labor force and the changing economy on the bottom line. As women, we know the personal impact of these changes, and the adaptations we as individuals need from businesses and our government. As citizen lobbyists with a commitment to support educational as well as workforce opportunities for women, we have the unique ability to adopt and promote a broader view backed up by research.

CHANGING LABOR FORCE

The American labor force is being transformed by the incorporation of women into the labor force and the increased percentage of workers who have parental responsibilities without someone at home to assume full-time family and household responsibilities. In 1988 women comprised 44.8% of all workers as compared to 33.4% in 1960. About 40% of the workforce is now made up of families with both spouses working, with another 6% being single parents. About 60% of married men who work have wives working full or part-time. Most American women are no longer able to limit their careers to homemaking. As of March 1987, the "typical " family consisting of two parents and two children accounted for only 3.7 percent of the entire population. Additionally, the number of female-headed families (90% of all single-parent families) has increased by 91% between 1970 and 1980 and another 10% from 1980-1985.

Family needs are going to play an increasingly larger role in recruitment efforts, benefit plans, and productivity incentives. Employees, particularly women, cannot leave their problems at home as their employers might prefer because increasingly there is no one left in the home to take care of family and household needs. By the year 2000 women will constitute almost half (47.3%) of the working population.

Two-thirds of the 15 million new entrants expected by the year 1995 will be women. Most of these women will get pregnant at some point during their work lives, work up until their ninth month, and return to work after their babies are born. By 1995, 80% of women aged 25 to 44 will be working -- 90% will be mothers. Two-thirds of all preschool children and 4 out of 5 school-aged children will have working mothers. The productivity level of the American labor force will depend on business policies that allow for balancing work and family responsibilities of these mothers (and fathers who increasingly share in at least some of the family responsibilities).

Women have become an integral part of our labor force and contribute significantly to family income. Women work for the same reasons that men work -- to support themselves and their families. Two out of three women working outside of the home now provide the sole or critical support for their families. The median average annual income in 1986 for families where both wife and husband brought home pay checks was $38,346. That income dropped to $26,803 when only the husband was in the laborforce.

CHILD CARE IN THE 80'S

While record numbers of women enter the workforce, the facilities to care for their children lag far behind the need. According to a recent study by the Department of Labor, approximately 11% of all but the smallest employers (under 10 employees) provide some kind of child care service or benefit for workers. The study found that of the polled employers, only 2% sponsored day care centers for their workers' children. Another 3% offered financial help to be used for child care. Referral and information assistance was offered by 5% of the employers surveyed.

When you look at the actual numbers of businesses offering some form of child care assistance, it becomes obvious that the gap between needed services and those that currently exist cannot be filled by employers alone. An October 1987 article from Savvy magazine reported that about 3,000 employers currently offer some form of child care assistance to their employees in the form of on-site day care, information and referral service or financial assistance programs. However, it also reported that there are six million major employers in America.

Experts say most parents who work must piece together 2 or 3 separate arrangements to insure child care for the full working day. This means that there are many points of the day at which child care arrangements can fall apart and force parents to interrupt work. A recent Current Population Survey found that nearly half a million working women lose time from their jobs because of problems with day care arrangements. About a third of all American children between 6 and 13 are home alone for some time after school, leading to reduced productivity and higher error and accident rates as employees worry about their children.

While working women still assume the main responsibility for child care, fathers of young children with working mothers are being faced with increasing child care responsibilities. A recent study found that while women are more likely to experience job stress due to work and family conflicts, men with young children are also reporting increased stress (66% of mothers and 50% of fathers reported stress). Another study found that the stress over balancing work and family responsibilities is the heaviest contributor to depression among employees, regardless of gender.

It is to business' credit that the number of child care programs for its employees has risen by 400% in the past five years. But the number of available programs is not nearly enough. The federal government has also begun to recognize this need. In October of 2987, the General Service Administration (GSA) announced the appointment of Barbara Leonard as the Director of Child Care Services for Government Agencies. Ms. Leonard's appointment makes her the first high-level federal official responsible for creating more child care facilities at government agencies. GSA Administrator Terence Golden was reported as calling this effort a "total commitment" and said, "GSA is assuming responsibility for getting child care centers in government. Additionally, Labor Secretary Ann Dore McLaughlin has named a department child care task force to enhance cooperation among employers, workers, unions and government. She has been reported as saying that child care will become one of the "front-burner" issues of the decade. However, fees for child care services currently available through federal agencies are often high and the number of available slots is inadequate.

Business trends indicate an increase in employer provided child care benefits. It is becoming obvious that many businesses recognize that providing child care assistance is good business. In markets where the labor pool is at a premium, such as metropolitan Washington, D.C., employers have looked for innovative ways to attract employees. One such innovation has been to include child care assistance in employee benefit packages. Such benefits may consist of on-site day care facilities, voucher systems, providing information on available child care options and flexible benefits and hours.

But like most major social changes, the reorientation of the workplace to women's and family needs is happening slowly. The demand for women workers, however, will mean that businesses will have to adapt to family needs in order to attract and keep quality employees and maintain a high level of productivity.

Thus far the majority of businesses in this country have taken little or no action to help employees balance work and family needs. There are, however, some impressive pace setting companies that provide models for how these problems can be addressed.

Merck & Company: This major pharmaceutical company updated personnel policies once women comprised a third of their employees. In 1980, Merck invested $100,000 to open a child care center near their headquarters. They initiated flexitime in 1981, allowing employees to start work at any point from 7:00 am to 9:30 am. In 1983, parents were allowed to work part-time at reduced pay but continued benefits. In 1985, counseling programs were established to help employees cope with the strain of work and family conflicts. The company offers both men and women unpaid parental leave for up to 18 months. It is planning to provide child care resource and referral information for its employees nationwide. A company study on productivity found decreases in absenteeism and tardiness as a result of flexible work schedules.

IBM : In 1984 IBM spent $1 million to establish the first nationwide corporate service for referring employees to community child care. IBM funding has also helped upgrade the quantity and quality of child care facilities nationwide. A recent in-house study showed that 30% of employees had some responsibility for an elderly relative, leading the company to offer additional benefits including access to a company-funded network of community agencies providing consultation on problems with the elderly, referrals to medical services, home-delivery meals and other services. IBM also offers flexible work schedules and a year of part-time work for employees returning from up to a year of unpaid leave. The company is also piloting a referral program for sick-child care.

Campbell Soup Company: The company has an on-site child care facility at its headquarters with room for 123 children six weeks old to kindergarten age. Campbell subsidizes about 60% of cost with parents' net fees ranging from $41/week for a preschooler to $59 for an infant. It also provides three months of unpaid parental leave, flexible work scheduling and job sharing (for those employees not on production-shift work).

Small companies are also experimenting with creative ways of providing services to their employees. Small businesses that are located near each other (such as industrial parks) can pool resources to run a center on a joint basis. Seven television and radio stations in the Washington, D.C. area created Broadcasters' Child Development Center in a local school. Small businesses can also collaborate with school districts and community agencies to run before - and after-school programs. The Houston committee on Private Sector Initiatives coordinates funding from 30 companies to enable nonprofit agencies to offer after-school care inn schools, churches, and storefronts.

In 1985, Cheryl Smith, a BPW member and business owner, saw the need within her own company in Olathe, Kansas to help with day care for her employees. After recognizing that her employees were being adversely affected by problems with finding good day care, Ms. Smith created an on-site day care center. Her experience lead to the formation of a child care consulting firm, Corporate Kids. Corporate Kids works with corporations, labor unions, and employers to create on-site or near-site day care centers. Working with both medium to small companies, Corporate Kids provides needs assessments, designs programs, and will even provide management for the center. Although Ms. Smith has found that companies with 250 employees are the ideal size to work with, she has created a day care plan for a real estate firm with only 36 employees.

Many other BPW members have been active in their communities working to fill in gaps created by the lack of affordable, quality child care. The Farmington and Flat River, Missouri BPWs joined forces in 1985 to start a day care center at the Mineral Area College providing day care for children of students and faculty. The program allow women to train for job skills while their children are cared for by child care professionals at reasonable costs. Additionally, the Tucson, Arizona BPW has compiled and made available to the public a guide to day care in Pima county. The Missouri state councilor, a member of BPW's National Council on the Future of Women in the Workplace, spent two years working with Hallmark Cards to offer on-site day care to employees. Due to her input and along with others, Hallmark now provides leased day care space as well as an excellent referral service.

BPW is proud of these efforts. These efforts represent a willingness on the part of the private and non-profit sectors to contribute to addressing day care needs. However, these efforts alone cannot address all our day care needs.

As an organization devoted to advancing women's economic rights, as business women who every day face the need for child care, and as women, we believe that legislation is also necessary to address this issue. American Families and businesses both large and small, can live with and prosper with this legislation. We need legislation that will help our children grow and thrive. In a time of increasing budget deficits, implementing this legislation requires leadership and commitment. However, any realistic cost benefit analysis will show tremendous benefits in productivity in a work force that does not suffer from the debilitating effects of inadequate and unreliable child care.

In addition, we have consistently supported other legislation which will provide for specific results to meet specific needs which cannot or are not met within the resources of the business community. We support the Family and Medical Leave Act, which will set a floor of support for America's families to care for newborns or in times of family or personal illness. We support a study of the compensation of the federal work force to determine if action is needed to provide pay equity among workers which would give women and their families the funds they need to afford dependent care. We support several efforts in the area of pension law to ensure that the needs of older women workers, who have unique dependent care responsibilities, are recognized. We thank the members of the Committee who have joined us in these efforts.

The Act for Better Child Care, H.R. 3660, will begin to fill in the gaps. This bill, if adopted, will provide states with new federal funds that will help improve the availability, affordability and quality of child care. As Rep. Olympia Snowe (R-Maine) said when this bill was introduced on November 19, 1987, "By developing standards of care, increasing the supply of care, and helping lower-income families afford care, this bill takes a first step in providing a national solution to a national problem."

For those who say, "Can we afford this bill?" I say, "Can we not afford this bill?" We know that many of America's parents are hard pressed to not only find available day care, but to pay for it. Out-of-home costs for one child can range from $1,500 to $10,000 a year, with the annual average cost being $3,000. Middle income families spend from 9 to 11 percent of their annual incomes on child care. Child care can cost low-income families as much as 20 to 26 percent of their incomes. A single female parent earning the average annual wage ($6,400) is most likely to find it impossible to provide her children with day care. The average cost of $3,000 a year would represent 47% of her family's income. According to the Bureau of Labor Statistics 1/2 of all working women earn under $10,000 and a full 80% earn under $20,000. Given theses statistics, it becomes evident that the ability to provide child care while trying to survive economically is, at best, difficult.

All of these private sector initiatives are important. We believe that more will occur as time goes on. However, the very paucity of efforts, the very needs left uncovered by legislation also by businesses point up a specific need for data and assistance by the government. In our continuing efforts to educate businesses and policymakers on family policies, we have discovered that there is almost no research available outside individual large corporations. Most of the information available on which policies work, which are cost effective, which boost productivity, which increase recruitment and retention of workers and which do not is anecdotal or specific to the corporation doing the study. Yet, as we have identified, it is in America's self-interest to have these answers and to use this data to develop effective responses to today's changing workforce. The need is particularly great for the small business community. These companies are the ones which must adapt first and the last to be able to afford the research that would help them do just that. Therefore, we propose, as we did before Chairman LaFalce in the May 17, 1988 hearings on Women and Business Ownership, a study be undertaken to determine what America's small businesses are doing to provide for the family needs of their workers, to document policies which are working, to set up demonstration projects to test various responses to the needs of employees and provide quantitative documentation of effectiveness and cost-benefit to the employer, and to establish the number of employees actually covered by such enlightened programs. This is a piece of the dependent care puzzle which this committee is uniquely prepared to explore, and one which is vital to our success.

SUMMARY

The systematic entry of women into the workforce has created a revolution in our economy, our businesses and our society as profound as the changes wrought by the Industrial Revolution. Business, government and society can respond to these changes with handwringing, denial and stop gap measures designed only to meet needs so pressing they cannot be denied. Or they can meet the future with foresight, a sense of challenge and see these changes as the opportunity for progress and economic gain they are. We believe the businesses that survive will be those who pick the latter route. We are working within the system to forge that route. We ask your help to provide the data, legislation and support needed. Thank you.

STATEMENT OF CONGRESSMAN BART GORDON
SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS
Hearing on Day Care: Its Importance to Small Business
6/8/88

Mr. Chairman, I am here this morning to introduce a group of individuals who have made a difference in solving the problems of child care in my home town of Murfreesboro, Tennessee. This program addresses the problems we all face today of how to care for our children during the hours we are at work and they are not in school. These kids are known as "latchkey" children.

I think the Extended School Program is very special. The program started at Hobgood Elementary School, in Murfreesboro, the elementary school I attended as a child. The idea of ESP was to match the resources of the Murfreesboro school system - the buildings, equipment, and other capital investments which were largely unused before 8:00 am and after 3:00 pm - with the needs of those students and their parents. For a small fee, children could arrive at school as early as 6:00 am and stay as late as 6:00 pm.

As you will hear the program has been a great success. I have heard from a great many of the local parents who are not only very happy with this program, but grateful that ESP is available to their children. I have even heard the children tell me that they do not want to come home from school. Any program that can provide safe care for our kids and create an environment they don't want to leave, is in my mind a successful program.

Our society is changing...at the national level, in our states and in our own communities - communities like Murfreesboro, Tennessee. Americans search for creative solutions to meeting new needs. The Extended School Program is such a creative solution and it is an example of what can be done when a new idea is given a chance.

In an age when we strive to sustain the nuclear family and make our next generation the most competative work force in American history, we must be willing to try something new, to do things a little differently and allow communities like Murfreesboro to show us the way.

It is an important message and I encourage Congress to listen.

Mr. Chairman, I would now like to introduce the following individuals who are going to speak here today on behalf of the Extended School Program. They are:

Dr. John Jones, the Superintendant of the Murfreesboro schools
Ms. Becci Bookner, the Director of the Extended School Program
Mr. Joel Jobe, the President of the Rutherford City Chamber of Commerce
Mr. Gary Middleton, the Vice President of State Farm Insurance in Murfreesboro
Mr. Ken Snyder, an Executive at Nissan
State Senator John Rucker

MURFREESBORO CITY SCHOOLS
400 NORTH MAPLE STREET ● P.O. BOX 279 ● TELEPHONE 893-2313 ● MURFREESBORO, TENNESSEE 37133-0279

Statement
of
Dr. John Hodge Jones
Superintendent
Murfreesboro City Schools
before the
House Small Business Committee
June 8, 1988

Statement

of

Dr. John H. Jones
Superintendent

before the

House Small Business Committee

June 8, 1988

INTRODUCTION

Mr. Chairman, members of the committee: On behalf of my colleagues, I express appreciation for your interest in the subjects of education reform and childcare. We represent the Murfreesboro City School System which is composed of seven K-6 elementary schools with nearly 4,000 children. In Murfreesboro we have implemented an extended school day/year program which addresses both issues: education reform and childcare.

THE IDEA

We come to offer a business-type idea which we believe will address many of the current problems which plague the American home, school, and work place. The IDEA is this. Let the schoolhouse, where the child is already in a safe, educational environment for six and one-half hours per day, 180 days per year, take care of and continue to educate the child while his parent(s) is in the American work place. We can cite many practical and workable advantages to this simple solution. In fact we have the experience which proves its workability.

FINANCING THE IDEA

In Murfreesboro taking a business approach, we recognized several issues, needs, and concerns all coming together which produce the resources needed to finance an extended school program; none of these require additional taxes. They are: (1) what parents are willing to pay for child care, (2) what business and industry are willing to pay for child care in order to have a more productive worker, and (3) more and better utilization and efficiency of our current public school investment in human resources and capital. We believe this to be kin to the model used by small businesses across the country, that is "utilize what is available on the most efficient basis possible."

WHY NOT A NEW MODEL

At the turn of the 19th century, the length of the school day and year accommodated a predominantly rural America and rural economy. That system worked quite well for most of the 1900s but it's not a 21st century model. If that model accommodated rural America, then a new model must be developed for our modern American economy.

The new model is simply an extended school program, in Murfreesboro we call it ESP.

The Extended School Program:

1. Addresses the latch-key issue,
2. Provides more time for formal learning,
3. Produces greater parent involvement with the school,
4. Allows more time for children to be exposed to the arts, foreign languages, and vocational courses,
5. Provides for better and more flexible scheduling of the child's day,
6. Provides homework tutoring,
7. Makes for a more rested, content, and happier parent in the workplace, and at home.
8. Addresses the "children at risk" concern,
9. Takes more children off the street,

10. Addresses the teenage pregnancy problem,

11. Strengthens home life by providing quality time for parents and children,

12. Serves as a training ground for future teachers,

13. Allows more single mothers to be in the labor force thus reducing welfare payments,etc.,

14. Decreases the need for public pupil transportation, and

15. Creates jobs in the American economy.

CONCLUSION

Honorable members of Congress, I represent education. The basic difference in my appeal and the appeal of others involved in school-age childcare and latch-key programs across the nation is that I am promoting utilizing of the childcare movement and business/school partnerships to advance education. I believe the school reform movement of the 1980s has overlooked this simple approach.

Government should involve itself mostly by encouraging this idea. Providing seed grants and assisting low income homes would also be helpful.

Becci Bookner, Director of Murfreesboro's ESP, will provide you more details about how the program works.

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

Becci Bookner
Director Of ESP

Statement

of

Becci Bookner, Director
Extended School Program

Murfreesboro City Schools

before the

House Small Business Committee

June 8, 1988

400 NORTH MAPLE ST., P.O. BOX 279, MURFREESBORO, TN. 37133-0279

Thank you Mr. Chairman and members of the committee for your interest in this issue and our program.

My name is Becci Bookner, Director of the Extended School Program in Murfreesboro. In terms of background I have a Bachelors, and Masters degree in Elementary Education and an Education Specialist degree in Administration and Supervision. Prior to my work with ESP, I have some twenty years experience as a classroom teacher ranging in assignments from Kindergarten to adult education.

Work on the concept of our Extended School Program began in the spring of 1985, and became operational January 2, 1986, at one of our 7 elementary schools with 4 children attending that day. Today there is an extended school program in each of our seven elementary schools and 1189 (June 1) children are participating in this program. Because of ESP, Murfreesboro City Schools operate from 6:00 A.M. to 6:00 P.M. and are closed only 5 week days a calendar year.

This program has been developed around 3 basic goals that are as important to you in Washinton as they are to us in Murfreesboro.

1. Parents are concerned with their child's well-being after school.
2. Education leaders and taxpayers want to better utilize expensive school facilities and other resources as much as possible.
3. Business leaders want their employees productive--not preoccupied with stress over their child's safety.

VIDEO. We would like for you to take a closer look at our program. Please enjoy watching Success is Spelled ESP.

In our school system we have 3887 students. Our office is projecting more than 1500 of those students will be enrolled in ESP when the regular school year begins in August. There are significant reasons this program works and works without additional taxpayer money.

IT WORKS BECAUSE IT IS SIMPLE AND MAKES GOOD SENSE.

It also works because of:

1. The tremendous need for affordable quality child care.
2. The tremendous need for more instructional and enrichment opportunities for youngsters.
3. The courage of our School Board and Superintendent to stand strong and dare to alter those "cast in stone" hours that children may be in a school building.
4. An essential exciting new partnership between the business community and education system in Murfreesboro, Tennessee.

For the Murfreesboro community I believe ESP is the solution to our academic and school age child care problems. As was stated at the conclusion of our videotape, the success of ESP can be measured in the requests for information we have recieved from school systems across the nation. Many of these systems are now in the process of implementing similar programs in their own communities.

In an effort to encourage the growth of programs like this, we have been looking at the concept of the development of a training and orientation program for educators and business leaders interested in initiating extended school programs across the nation.

Again, thank you Mr. Chairman and members of the committee. Your interest and support is appreciated far beyond the walls of this hearing room.

EXTENDED SCHOOL PROGRAM ENRICHMENT ACTIVITIES

(All values refer to number of hours)

* Certified Teacher
** Enrichment Teacher
+ Participated in
t Tutor taught

	BELLWOOD	BRADLEY	HOBGOOD	MNE	MNP	NORTHFIELD	REEVES-ROGERS
Homework	45	73*	100*	100*	45	180	120
Languages:							
French	20					12	
German	20			20		36	
Laotian		20			20		
Spanish				10			
Computer	90	20	25*	96	40	72	
Tutors:							
MTSU	72	120	48	90	148	144	60
Cert. Teachers						39*	
Music:							
Piano	140	50		10			
Vocal	30			30			
Guitar		25	44	25	30		12
Drums		20			10		
Violin		80		15			
Baton and Jazz	36		36	12	12		12
Ballet	36		50	12	20	24	12
Drama	30					18	
Dance		10					
Art:						168	
Cert. Teacher	90+*		25				
Enrichment Staff	30	40		96			
Gingerbread Village	30	20	20	30	30		30
Handwork:							
Cross-stitch	36		10				
Quilting		10		10			
Drawing							
Cartoon Art					40	3	
Arts and Crafts		30		40			
Sports Clinic				90			
Tennis	30						
Basketball	15	55	20			70*	16
Baseball	15						
Golf	100						16
Mini-Olympics	+			+			
Volleyball		15					
Aerobics		5					
Gymnastics				50			
Swimming	+					20	
Level II,III PE						123	
Softball		15					
Science Club	36	10t	12t				
News Broadcast	36						
Cooking			20	21		5	
Typing				15			
Shorthand				8			
Newspaper in the Classroom		15	40	15	15	180	90
Newspaper for Parents	60	60	75	60	40		25
Sign Language					12		
Diaries(each child)		20				10	90

	BELLWOOD	BRADLEY	HOBGOOD	MNE	MNP	NORTHFIELD	REEVES-ROGERS
Community Resources:							
AHEC (2 hrs each)							
You & Your Ears	+						+
Ask Your Doctor						+	
Nutrition			+		+		
Stress Mgmt for Children					+	+	
Christmas at Oaklands	+	+	+	+	+		+
Cinema I	+	+	+	+	+	+	+
Skating		+				+	
Forestry Dept.	+				+		
Fire Dept.	+	+	+	+	+	+	+
Rodeo Noon Exchange	+	+		+	+		
Miles of Dimes	+	+	+	+	+	+	+
MTSU Dance Class			+			+	
Dollhouse Exhibit	+	+	+	+			
Cannonsburg	+	+	+	+	+	+	+
Steve Cates and Square Dance	+	+	+				
Great American Singalong	+	+		+			+
Decoration for Outlet Ltd Mall	+	+	+	+	+	+	+
DAR Speaker				+			
Linbaugh Puppet Magic Show					+		

SUCCESS IS SPELLED: "E. S. P."

The Extended School Day Program

of

The Murfreesboro City School System

December 27, 1987 **First Draft Script** PAGE

Success is Spelled: "E. S. P.

VIDEO	AUDIO
MONTAGE: Various ESP students, perhaps "live" video shot while jingle is being recorded.	FULL SING JINGLE V/O: You've just heard a song written and performed by elementary school students in the Murfreesboro City School System. These students learned their skills in the hours before and after school, hours that both of their parents were working, hours when they might have been at home, alone, watching television... or worse.
MONTAGE: Various shots of ESP students at work, interacting acting with teachers, other students, etc.	Now, even on days when school is not in session, on snow days or during summer vacation, elementary school children in Murfreesboro are finishing their home work, learning computer skills, learning to speak French, German, even Laotian all at cost far less than conventional chilc care. And what's more, even after twelve hours at school every day many of these children are disappointed when their parents come to take them home. They want to stay at school and learn. They are particiapnts in E. S. P., the

VIDEO	AUDIO
	Extended School Day Program of the Murfreesboro City School System. Let's hear what some of them have to say:
CU's of students as they praise E.S.P and tell why they like it.	S.O.T. (Student Testimonials)

(3 or 4 Students. Total Segment Time 30 Seconds)

VIDEO	AUDIO
MONTAGE: Students participating in ESP activities.	While the Extended School Day Program is relatively new, it addresses a problem that has been growing steadil over the last forty years. An increas in two income families and an increasing need for alternative form of child care.
STOCK FOOTAGE: Women workers in WWII Defense Plant.	In the early 1040's most of the predominately male United States workforce was diverted into fighting World War II. Their jobs were filled at least temporarily by women.

VIDEO	AUDIO
STOCK FOOTAGE: GI's leaving troopship, coming home.	When the war ended, it was back to "business as usual". The men returned to the factories...
STOCK FOOTAGE: June Cleaver types	...and the women returned to the kitchen.
STOCK FOOTAGE: The 60's & up. Flower Children, Wall Street, Yuppies, etc.	But times in America changed, and wit them changed the composition of the workforce. Inflation and a rising cost of living created two-income families, families where both father and mother had to work to make enough money to meet the demands of a devalued dollar and steadily rising prices.
M.S. Child getting off bus alone, walking up to empty house, and entering.	Today, only one family in ten has mother at home. And while both Mom and Dad work, who's watching the children? Well, sadly, once school lets out, the answer is usually no one. These are "latch-key" children, children whose day ends three-and-a half hours before their parent's day does, children forced to fend for themselves until Mom or Dad comes home.

VIDEO	AUDIO
WS of children in ESP situation	The Murfreesboro school system is sensitive to the plight of theose children. That's why they developed "ESP", the extended school day program. This program redefines the traditional concept of **childcare** and creates an exciting new program of **child enrichment**.
CLEAN CHALKBOARD with title BENEFITS.	
WORD "available" added.	ESP is Available. It is there when i is needed most. Parents may leave their children at the school at 6 AM and return at 6 PM to pick them up. This leaves Mom and Dad plenty of travel time to commute to and from their jobs.
ADD "convenient" to chalkboard.	ESP is Convenient. Children participate in the program at the school they normally attend. There i no need to transport students to and from another facility.
ADD "self-supporting" to chalkboard.	ESP is Self-Supporting. Its funding come from tuitions, paid by parents, a fee far less than traditional childcare costs, and from benefactors concerned about the educational

VIDEO	AUDIO
	development of the children in their community.
WORD "Quality" added to chalkboard.	ESP is Quality. The Murfreesboro ESP is staffed with both experienced education professionals and top-quality preprofessionals from nearby Middle Tennessee State University.
MS Becci and MTSU student working with ESP student.	This co-operative program with MTSU benefits both ESP students and MTSU participants. The elementary school child is enriched from the exposure t the latest improvements in educationa theory and teaching methods, while th MTSU participants are offered invaluable "laboratory" assitance in the pratical application of the techniques they've worked so hard to learn.
MONTAGE EXT. of several of the school	In addition to the educational benefits the participants recieve, th Murfreesboro taxpayers and their City School system are helped as well.
MONTAGE INT. of several of the school buildings with equipment prominent.	With the ESP, each school site operates in excess of 1000 hours over the traditional six and one-half hour 180 day school year.

Success is Spelled: "E. S. P.

VIDEO	AUDIO
NOTEBOOK showing calculations	Add to this 600 hours from the summer session and Mufreesboro taxpayers recieve over eleven thousand hours of use from their school building investment each year.
STOCK SHOTS building construction. CUT to child coloring in stenciled outline of "$30 million".	This efficient use of school space is even more impressive when you conside that replacement costs for the seven elementary schools in the Murfreesbor City School system would be greater than $30 million.
MONTAGE of ESP students working through MTAHEC seminar	The chief beneficiaries of the program, however, are the children. They are given many creative and enjoyable learning experiences. One program, presented by the Middle Tennessee Area Health Education Cente taught students about stress, and offered valuable suggestions for helping to reduce its dangerous side effects.
MS Students particpating in various classes and activities.	Students also participate in art and music disciplines, learn foreign languages, interact with their friend and even get help with their homework from education professionals. Quite

VIDEO	AUDIO
	change from the typical "latch-key child activities of comic books and television for one.
LEAD SHOT from first parent interview	The Murfreesboro City Schools Extende School Day program has met with approval from parents of children as well.
CU interviews with ESP Parents praising ESP	SOT Parent Interviews
(3 or 4 parents... Total Segment Time 30 seconds)	
MONTAGE local businesses	The Murfreesboro business community also lends its support to the Extende School Day Program. Because of ESP, parents can be more productive workers. They know their children are not only safe, but happily learning as well.
REPRISE OF "60's & up" STOCK FOOTAGE	We have seen how changes in American social and economic process created a need for two income families.
REPRISE OF "Latch Key" SEQUENCE	We have also seen how these two-incom families created the problem of "latc key" children, faced with the adult

VIDEO	AUDIO
	difficult responsibilty of caring for and entertaining themselves in the huge time gap between the end of school and their parents return home.
REPRISE OF "ESP Student" FOOTAGE	And, perhaps most important, we have seen how Murfreesboro, Tennessee and the City School System, along with parents, educators and business professionals have created a highly successful **Extended School Day Progra** that addresses both of these problems in a most unique way.
REPRISE OF "AVAILABLE" chalkboard	ESP is a program that is AVAILABLE when you need it most, between 6 AM and 6 PM...
REPRISE OF "CONVENIENT" chalkboard	... CONVENIENT in that it takes place at a child's normal school...
REPRISE OF "SELF-SUPPORTING" chalkboard	... SELF-SUPPORTING, because it is funded by affordable tuitions and benevolent grants...
REPRISE OF "QUALITY" chalkboard	... and provides education and recreational opportunities of the highest QUALITY.

VIDEO	AUDIO
INTERCUT CU's of two adults on phone	The success of the Extended School Da Program of the Murfreesboro City School system could be measured in requests... the requests for information from school systems all across the country, eager to provide Extended School Day Programs as effective as Murfreesboro's.
More SHOTS of ESP students at work and play, always smiling, always happy, while equally grinning but proud teachers look on.	Murfreesboro's ESP has become a glowing example of how educators, parents, business leaders and elected officials can work together to solve the complex problems of child-rearing and wage earning while providing fun and educational diversity for the children who will be guiding our futures in the 21st century... and beyond.
SOLARIZED STILLS serve as BG for closing credits.	FULL SING JINGLE

le finding and
as a public ser-
s.

t,
y
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Staff Writer
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She has also said the project would destroy the rural nature of southwest Rutherford County

the number and location of wells in the area, he said. State Health Department maps were used in initial presentations by the state, but

determine if it contains any elements harmful to cattle or others using the well water in the area.

(Please see State, page two)

DNJ Photo by Jim Davis

ESP's 1,000th

Reeves-Rogers School kindergarten student Erin Nickens recently enrolled in Murfreesboro's Extended School Program — the 1,000th student to do so. ESP students now total almost 30 percent of all city school students.

Extended School Program signs up 1,000th student

By DAN SHELL
News Journal Staff Writer

Murfreesboro City Schools' Extended School Program (ESP) enrolled its 1,000th student last week, and enrollments since then have brought the number of ESP students to 1,036, almost one-third of all city school students.

"It's significant that January is our second anniversary," said Becci Bookner, ESP director, "and while we're recognizing that date we're able to enroll our 1,000th child."

To celebrate the event, the ESP program is giving Erin Nickens, a kindergartener at Reeves-Rogers School, a T-shirt proclaiming her ESP's 1,000th student and her parents will receive a week's tuition free.

Erin will only spend about 30 minutes a day at ESP, "but the point is the program is designed to be flexible," Mrs. Bookner said.

However, Mrs. Bookner added that enrolling the child isn't the important thing. Instead, she enjoys the way the program has benefited both parents and children, "So they can use the program to meet their needs," she said.

But with the growth of the program can come unforeseen problems, a situation Mrs. Bookner and her staff are looking to alleviate before problems occur.

Beginning in February ESP officials will look to develop an advisory council of parents from each school site. "So ESP will always have a maximum sensitivity to children," Mrs. Bookner said.

"Especially since the program has grown so, we want it to continue to be what it has been," said the director. "It'll be an informal council to receive and disseminate information, and hopefully a parent from each school will participate."

When ESP began at Hobgood School in January 1986, a parental board was used to receive community input, but the idea was dropped when the program expanded to four schools in June.

"But now that we're in all schools, there's a real need for keeping ESP sensitive to children's needs," Mrs. Bookner said.

"The one thing we don't want to happen is to have ESP become one of those big programs that loses touch with the very people who made it what it is," she said.

Officials with the program also hope two other developments — staff assistants and suggestion boxes — help to handle ESP's growth.

"In some schools where enrollment is exceptionally high, we've added an additional person to work with the site director and secretary," Mrs. Bookner said, adding that "Sometimes it's hard for the site director to be in so many places at one time."

And the suggestion boxes at each site, complete with forms that are given to parents when they pay ESP tuition, will also give parents input to ESP, Mrs. Bookner said.

(Please see Extended, page two)

DAILY NEWS JOURNAL, January 26, 1988, p. 1

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By MATT BOLCH

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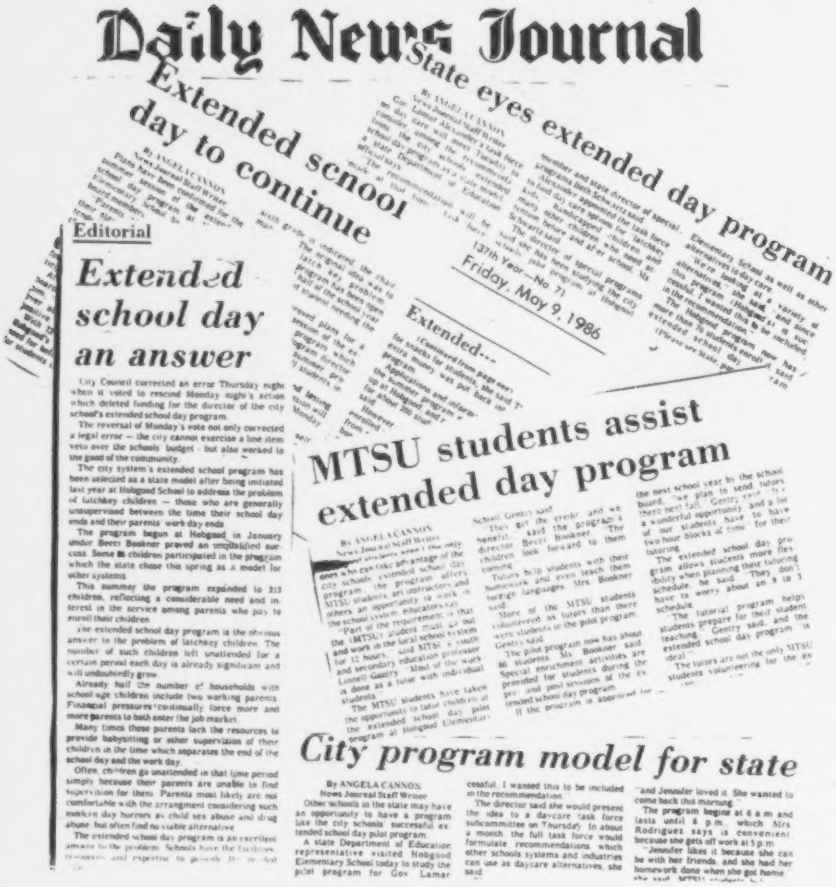


Daily News Journal

137th Year—No. 71

Friday, May 9, 1986

State eyes extended day program

By ANGELA CANNON
News Journal Staff Writer

Gov. Lamar Alexander's task force on day care will meet Tuesday to consider, among the recommendations, the city schools' extended school day program as a state model, a state Department of Education official says.

"The recommendation will be made at that time," task force member and state director of special programs Beth Schwartz said.

Alexander appointed the task force to find day care options for "latchkey kids," handicapped children and many other children who need attention before and after school, Ms. Schwartz said.

The director of special programs said she has been studying the city schools' pilot program at Hobgood Elementary School as well as other alternatives to day care.

"We're looking at a variety of alternatives," she said, "and since this program (Hobgood's) is successful, I wanted this to be included in the recommendation."

The Hobgood program now has more than 70 students enrolled ... extended school day ...

(Please see State, pa...

Extended school day to continue

By ANGELA CANNON
News Journal Staff Writer

Plans have been confirmed for the summer session of the extended school day program at Hobgood Elementary School ...

Extended---

(Continued from page one)

Editorial

Extended school day an answer

City Council corrected an error Thursday night when it voted to rescind Monday night's action which deleted funding for the director of the city school's extended school day program.

The reversal of Monday's vote not only corrected a legal error — the city cannot exercise a line item veto over the schools' budget - but also worked to the good of the community.

The city system's extended school program has been selected as a state model after being initiated last year at Hobgood School to address the problem of latchkey children — those who are generally unsupervised between the time their school day ends and their parents' work day ends.

The program begun at Hobgood in January under Becci Bookner proved an unqualified success. Some 86 children participated in the program which the state chose this spring as a model for other systems.

This summer the program expanded to 213 children, reflecting a considerable need and interest in the service among parents who pay to enroll their children.

The extended school day program is the obvious answer to the problem of latchkey children. The number of such children left unattended for a certain period each day is already significant and will undoubtedly grow.

Already half the number of households with school age children include two working parents. Financial pressures continually force more and more parents to both enter the job market.

Many times these parents lack the resources to provide babysitting or other supervision of their children in the time which separates the end of the school day and the work day.

Often, children go unattended in that time period simply because their parents are unable to find supervision for them. Parents most likely are not comfortable with the arrangment considering such modern day horrors as child sex abuse and drug abuse, but often find no viable alternative.

The extended school day program is an excellent answer to the problem. Schools have the facilities, resources and expertise to provide the needed

MTSU students assist extended day program

By ANGELA CANNON
News Journal Staff Writer

... students aren't the only ones who can take advantage of the city schools' extended school day program. The program offers MTSU students, art instructors and others an opportunity to work in the school system, educators say.

"Part of the requirement is that the (MTSU) student must go out and work in the local school system for 12 hours," said MTSU's youth and secondary education professor Linnell Gentry. "Most of the work is done as a tutor with individual students."

The MTSU students have taken the opportunity to tutor children at the extended school day pilot program at Hobgood Elementary School, Gentry said.

"They get the credit, and we benefit," said the program's director Becci Bookner. "The children look forward to them coming."

Tutors help students with their homework and even teach them foreign languages, Mrs. Bookner said.

More of the MTSU students volunteered as tutors than there were students in the pilot program, Gentry said.

The pilot program now has about 80 students, Ms. Bookner said. Special enrichment activities are provided for students during the pre- and post sessions of the extended school day program.

If the program is approved for the next school year by the school board, "we plan to send tutors there next fall," Gentry said. "It's a wonderful opportunity and a lot of our students have to have two-hour blocks of time" for their tutoring.

The extended school day program allows students more flexibility when planning their tutoring schedule, he said. "They don't have to worry about an 8 to 3 schedule."

"The tutorial program helps students prepare for their student teaching," Gentry said, and the extended school day program "is ideal."

The tutors are not the only MTSU students volunteering for the ex-

City program model for state

By ANGELA CANNON
News Journal Staff Writer

Other schools in the state may have an opportunity to have a program like the city schools' successful extended school day pilot program.

A state Department of Education representative visited Hobgood Elementary School today to study the pilot program for Gov. Lamar

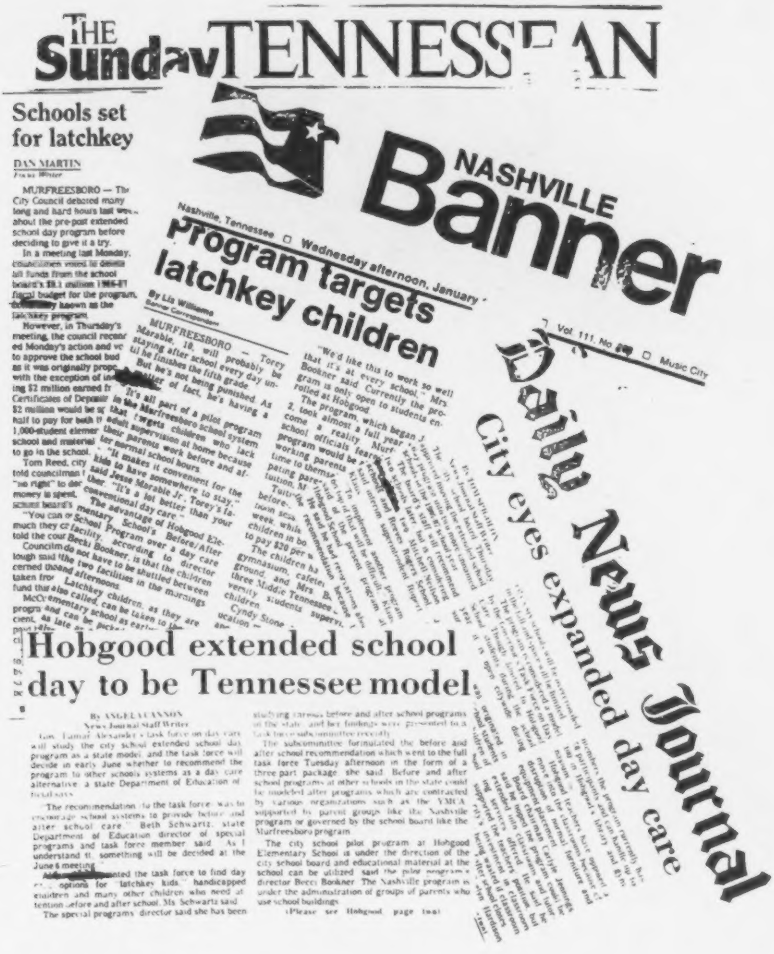
cessful, I wanted this to be included in the recommendation."

The director said she would present the idea to a daycare task force subcommittee on Thursday. In about a month, the full task force would formulate recommendations which other schools systems and industries can use as daycare alternatives, she said.

"and Jennifer loved it. She wanted to come back this morning."

The program begins at 6 a.m. and lasts until 6 p.m., which Mrs. Rodriguez says is convenient because she gets off work at 5 p.m.

"Jennifer likes it because she can be with her friends, and she had her homework done when she got home," she said. MTSU students ...



THE Sunday TENNESSEAN

Schools set for latchkey

DAN MARTIN
Focus Writer

MURFREESBORO — The City Council debated many long and hard hours last wee.. about the pre-post extended school day program before deciding to give it a try.

In a meeting last Monday, councilmen voted to delete all funds from the school board's $3.1 million 1986-87 fiscal budget for the program, [redacted] known as the latchkey program.

However, in Thursday's meeting, the council recon ed Monday's action and vo to approve the school bud as it was originally propo with the exception of in ing $2 million earned fr Certificates of Deposit $2 million would be sp half to pay for both th 1,000-student elemen school and material to go in the school.

Tom Reed, city told councilman t "no right" to der money is spent. school board's

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Councilm lough said t cerned th taken fro fund tha

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NASHVILLE Banner

Nashville, Tennessee ☐ Wednesday afternoon, January

Program targets latchkey children

By Lis Williams
Banner Correspondent

MURFREESBORO — Torey Marable, 10, will probably be staying after school every day until he finishes the fifth grade.

But he's not being punished. As [redacted]atter of fact, he's having a

It's all part of a pilot program in the Murfreesboro school system that targets children who lack adult supervision at home because their parents work before and after normal school hours.

"It makes it convenient for the kids to have somewhere to stay," said Jesse Marable Jr., Torey's father. "It's a lot better than your conventional day care."

The advantage of Hobgood Elementary School's Before/After School Program over a day care facility, according to director Becki Bookner, is that the children do not have to be shuttled between the two facilities in the mornings and afternoons.

Latchkey children, as they are also called, can be taken to the elementary school as earl and can be pick

"We'd like this to work so well that it's at every school," Mrs. Bookner said. Currently the program is only open to students enrolled at Hobgood.

The program, which began J 2, took almost a full year to become a reality. Murf school officials feare program would be working parents time to themse pating pare tuition, M

Tuitio before- noon ses week, while children in bo to pay $20 per w

The children ha gymnasium, cafete ground, and Mrs. B three Middle Tennessee versity students supervi children.

Cyndy Stone ucation

Vol. 111, No. ☐ Music City

Daily News Journal

City eyes expanded day care

Hobgood extended school day to be Tennessee model

By ANGELA CANNON
News Journal Staff Writer

Gov. Lamar Alexander's task force on day care will study the city school extended school day program as a state model, and the task force will decide in early June whether to recommend the program to other schools systems as a day care alternative, a state Department of Education official says.

"The recommendation (to the task force) was to encourage school systems to provide before and after school care," Beth Schwartz, state Department of Education director of special programs and task force member said. "As I understand it, something will be decided at the June 6 meeting."

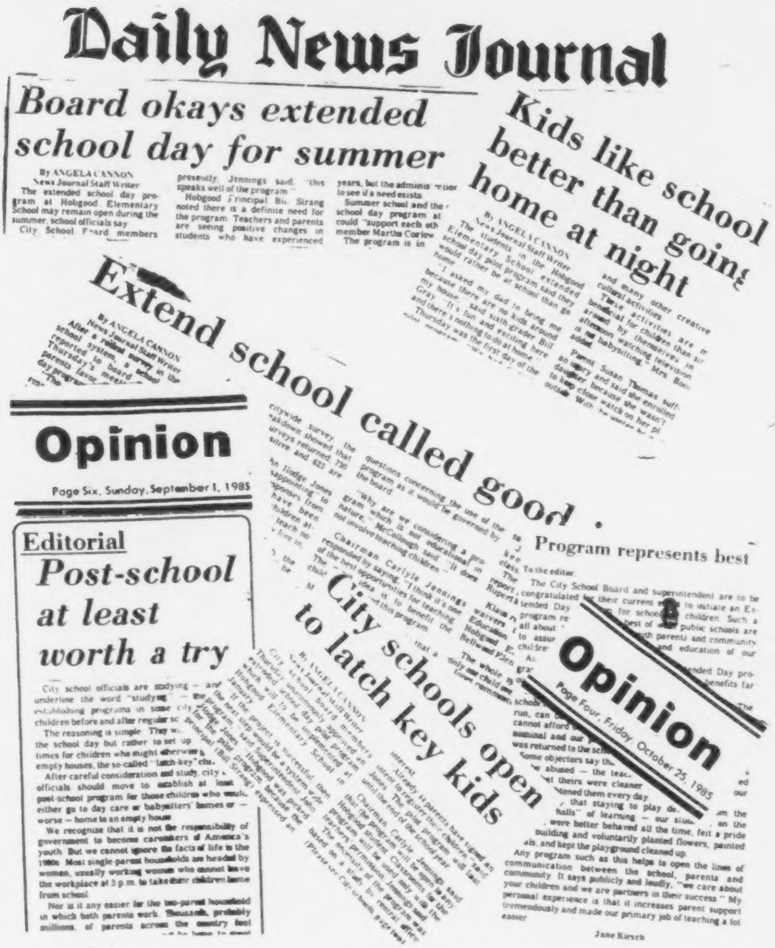
[redacted]nted the task force to find day care options for "latchkey kids," handicapped children and many other children who need attention before and after school, Ms. Schwartz said.

The special programs director said she has been studying various before and after school programs in the state, and her findings were presented to a task force subcommittee recently.

The subcommittee formulated the before and after school recommendation which went to the full task force Tuesday afternoon in the form of a three part package, she said. Before and after school programs at other schools in the state could be modeled after programs which are contracted by various organizations such as the YMCA, supported by parent groups like the Nashville program or governed by the school board like the Murfreesboro program.

The city school pilot program at Hobgood Elementary School is under the direction of the city school board and educational material at the school can be utilized, said the pilot program's director Becci Bookner. The Nashville program is under the administration of groups of parents who use school buildings.

(Please see Hobgood, page [illegible])



Daily News Journal

Board okays extended school day for summer

By ANGELA CANNON
News Journal Staff Writer

The extended school day program at Hobgood Elementary School may remain open during the summer, school officials say

City School Board members

presently, Jennings said, "this speaks well of the program."

Hobgood Principal Bill Strang noted there is a definite need for the program. Teachers and parents are seeing positive changes in students who have experienced

years, but the adminis to see if a need exists

Summer school and the school day program at could "support each oth member Martha Corlew

The program is in

Kids like school better than going home at night

By ANGELA CANNON
News Journal Staff Writer

The students in the Hobgood Elementary School extended school day pilot program said they would rather be at school than go home

"I asked my dad to bring me because there are no kids around my house," said sixth-grader Bill Gray. "It's fun and exciting here and there's nothing to do at home."

Thursday was the first day of the

and many other creative cultural activities

These activities are beneficial for children than sit around by themselves in afternoon watching television is babysitting," Mrs. Bo added

Parent Susan Thomas an and said she enrolled daughter because she wasn't to keep close watch on her outside. With

Extend school called good .

By ANGELA CANNON
News Journal Staff Writer

After a school system reported Thursday's board parents favor day program

citywide survey, the breakdown showed that surveys returned, 730 positive and 623 are

Hodge Jones "disappointing" to responses from have been children at teach no live in

questions concerning the use of the program as it would be governed by the board

"Why are we considering a program which is not educational in nature," McCullough said. "It does not involve teaching children."

Chairman Carlyle Jennings responded by saying, "I think it's one of the best opportunities for teaching. The idea is to benefit the child and this program

that a

The whole only one child from commun

class. The report, Rupert Klaus waivers Education Hobgood E Bellwood Elem

Opinion

Page Six, Sunday, September 1, 1985

Editorial

Post-school at least worth a try

City school officials are studying — and underline the word "studying" — the establishing programs in some city children before and after regular sc

The reasoning is simple. They the school day but rather to set up times for children who might otherwise empty houses, the so-called "latch-key" chi

After careful consideration and study, city officials should move to establish at least post-school program for those children who would either go to day care or babysitters' homes or — worse — home to an empty house

We recognize that it is not the responsibility of government to become caretakers of America's youth. But we cannot ignore the facts of life in the 1980s. Most single-parent households are headed by women, usually working women who cannot leave the workplace at 3 p.m. to take their children home from school

Nor is it any easier for the two-parent household in which both parents work. Thousands, probably millions, of parents across the country feel

City schools open to latch key kids

By ANGELA CANNON
News Journal Staff Writer

City school board members Thursday unanimously approved an extended school day pilot program which will to be implemented at Hobgood Elementary School in January

"If the project is successful, then the next step would be a system-wide program," said Superintendent John Hodge Jones. "Hobgood was picked for the pilot program because the principal (Bill Strang) expressed an

interest

Already 44 parents have signed an intent to register their children," said Jones. The pilot program will last until the end of the school year

Chairman Carlyle Jennings said that the program will be open to any Hobgood student. Classrooms for the program will be used only with the teachers' permission. Jennings said

The necessity of the program was based on a study by central office

(Please see City schools page two)

Opinion

Page Four, Friday, October 25, 1985

Program represents best

To the editor:

The City School Board and superintendent are to be congratulated for their current to initiate an Extended Day for school children. Such a program re best of public schools are all about to assur th parents and community childre and education of our

ended Day pro benefits far

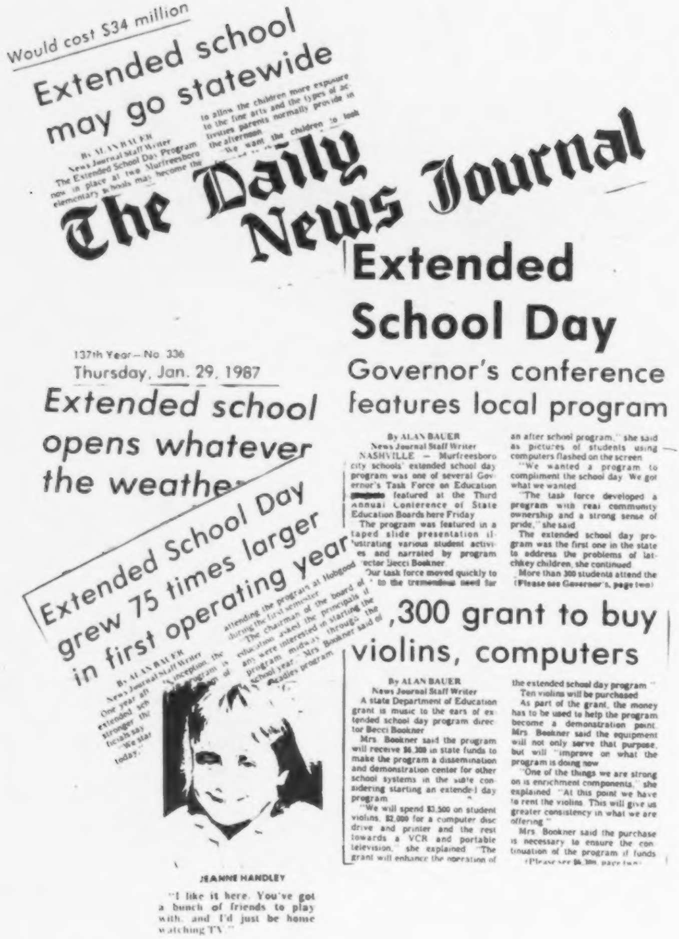
The

schoo run, can cannot afford nominal and our was returned to the sch

Some objectors say th abused — the teac that theirs were cleaner tened them every day that staying to play halls" of learning — our stu were better behaved all the time, felt a pride building and voluntarily planted flowers, painted als, and kept the playground cleaned up

Any program such as this helps to open the lines of communication between the school, parents and community. It says publicly and loudly, "we care about your children and we are partners in their success." My personal experience is that it increases parent support tremendously and made our primary job of teaching a lot easier

Jane Kirsch



Would cost $34 million

Extended school may go statewide

By ALAN BAUER
News Journal Staff Writer

The Extended School Day Program now in place at two Murfreesboro elementary schools may become the

to allow the children more exposure to the fine arts and the types of activities parents normally provide in the afternoon

"We want the children to look

The Daily News Journal

137th Year—No. 336
Thursday, Jan. 29, 1987

Extended school opens whatever the weathe

Extended School Day grew 75 times larger in first operating year

By ALAN BAUER
News Journal Staff Writer

One year af
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"We star
today."

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attending the program at Hobgood during the first semester.

"The chairman of the board of education asked the principals if any were interested in starting the program midway through the school year," Mrs. Bookner said of
Peadles program

JEANNE HANDLEY

"I like it here. You've got a bunch of friends to play with, and I'd just be home watching TV."

Extended School Day

Governor's conference features local program

By ALAN BAUER
News Journal Staff Writer

NASHVILLE — Murfreesboro city schools' extended school day program was one of several Governor's Task Force on Education [illegible] featured at the Third Annual Conference of State Education Boards here Friday

The program was featured in a taped slide presentation illustrating various student activi es and narrated by program ector Becci Bookner

Our task force moved quickly to " to the tremendous need for an after school program," she said as pictures of students using computers flashed on the screen

"We wanted a program to compliment the school day We got what we wanted

"The task force developed a program with real community ownership and a strong sense of pride," she said

The extended school day program was the first one in the state to address the problems of latchkey children, she continued

More than 300 students attend the

(Please see Governor's, page two)

,300 grant to buy violins, computers

By ALAN BAUER
News Journal Staff Writer

A state Department of Education grant is music to the ears of extended school day program director Becci Bookner

Mrs. Bookner said the program will receive $6,300 in state funds to make the program a dissemination and demonstration center for other school systems in the state considering starting an extended day program

"We will spend $3,300 on student violins, $2,000 for a computer disc drive and printer and the rest towards a VCR and portable television," she explained "The grant will enhance the operation of the extended school day program "

Ten violins will be purchased

As part of the grant, the money has to be used to help the program become a demonstration point. Mrs. Bookner said the equipment will not only serve that purpose, but will "improve on what the program is doing now

"One of the things we are strong on is enrichment components," she explained "At this point we have to rent the violins This will give us greater consistency in what we are offering "

Mrs. Bookner said the purchase is necessary to ensure the continuation of the program if funds

(Please see $6,300, page two)

What Is The Extended School Program?

Some children in Murfreesboro City Schools have been putting in twelve-hour days and loving it! A school board sponsored Extended School program (ESP) with a different twist began January 1985 at Hobgood Elementary School. Operation of the program has gone non-stop since its opening and has expanded to maximum enrollment during the summer session. The Extended School program is now, in all seven of our schools. This needed child care and enrichment program for school age children has been extremely successful in gaining parent and community support.

Begun as a pilot project, Extended School has become a pacesetter for cost efficient and more effective use of Murfreesboro's $30 million investment in school facilities. The increased availability of school plants provides up to four hours and 45 minutes daily of additional learning time and positive child/adult interaction. The program operates in excess of one thousand hours beyond the traditional 6.5-hour, 180 day school year. The summer session increased the amount of learning time as much as 480 hours.

The Extended School program, by design and intent, touches the heart of the American way of life. Its design is cost efficient in two ways. First, only users pay; tuition is required for student participation. Second, this is a more efficient use of the school facility. It is a highly visible program and a fiscally sound plan for local government. The entire program, excluding the program director's salary, is funded by student fees.

Extended School Program Operating Schedule

The Extended School Program operates daily on a year round basis including snow days, teacher inservice days and during the summer. All centers are closed for the following holidays:

Thanksgiving Day
Christmas Eve Day
Christmas Day
New Year's Eve
New Year's Day

What are the hours for the Extended School Sessions?

Before School
6:00 a.m. - 7:45 a.m.
After School
2:25 p.m. - 6:00 p.m.
Any Full-Day Session
6:00 a.m. - 6:00 p.m.

Children may enroll in one or both of the sessions depending on family needs.

What is the cost of the Extended School Program?

A.M. Session - $10 per week per child
P.M. Session - $19 per week per child
Both - $25 per week per child

Summer Session
$40 per week per child

Family discounts are available.
There is a $5 registration fee.

What kinds of activities can we expect for children who attend the Extended School Program?

In the Extended School Program, each ten children are grouped with a highly qualified staff person. Planned activities include violin, guitar, art instruction, computer clubs, foreign language experiences, and a very special homework time each afternoon. Tutors from Middle Tennessee State University in addition to our staff and parent volunteers are available during this 30-minute segment to assist children with this task. Snacks, physical education, movies, handwork, ballet, typing, Brownies and 4-H work are also available at no additional cost.

Murfreesboro City Schools

Bellwood School
Sanbyrn Drive
Principal: Mr. Tom Hartley 895-2123

Bradley Model School
Mercury Boulevard
Principal: Mr. Zane Cantrell 895-2672

Hobgood Elementary School
Baird Lane
Principal: Dr. William Strang 895-2744

Mitchell-Neilson School
Clark Blvd.
Principal: Mr. Robert Crowder 890-7841

Mitchell Neilson Primary School
Jones Boulevard
Principal: Mrs. Louise Cooper 895-2904

Northfield School
Northfield Blvd
Principal: Mr. Mark Edwards 895-7324

Reeves Rogers School
Greenland Drive
Principal: Mrs. Barbera Tuckson 895-4973

Where do I get more information on this program?

Call any of the participating schools or the Extended School Program Office 893-2313

You may also write for information. Address inquiries to:

Extended School Program
Murfreesboro City Schools
400 North Maple Street
Murfreesboro, TN 37130

School Board

Mr. Carlyle Jennings, Chairman
Mrs. Evelyn Hardison, Vice Chairman
Mrs. Martha Corlew
Mr. David Hopper
Mr. John Rucker, Jr.
Mrs. Thelma Murray-Wilkerson
Mr. Robert Scales, City Council Member

Administrative/Supervisory Staff

Dr. Rupert Klaus
Assitant Superintendent
Mrs. Marilyn Mathis
Administrative Assistant
Mrs. Margaret Salisbury
Director of Instruction
Mrs. Laurie Crowder
Director of Special Education

Extended School Program
Murfreesboro City Schools
400 N. Maple Street
Murfreesboro, TN 37130

Fun begins...

when school ends !!

Murfreesboro City Schools
EXTENDED SCHOOL PROGRAM
1987 - 88

John Hodge Jones, PhD
Superintendent of Schools
Becci Bookner
Extended School Program Director

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

Becci Bookner
Director Of ESP

Dear Fellow Educator:

Enclosed you will find a brochure describing the Murfreesboro City School's Extended School Program. I hope this will be informative.

Should you be interested in beginning a similar program, there are additional materials available. A price list and brief description are included for your convenience.

1. SUCCESS IS SPELLED E.S.P.

   A 10 minute color video which presents the Extended School Program. $20.00 per copy.

2. FUN BEGINS WHEN SCHOOL ENDS...

   A compilation of survey forms, background documents, philosophy, development, flyers, and notes to parents. This package is everything you need to begin your own E.S.P.! $10.00 per set.

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM
400 North Maple St., P.O. Box 279
Murfreesboro, TN 37133-0279

MAIL THIS ORDER FORM TODAY TO:

SHIP TO:

Name

Address

City/State/Zip

How Many?	ITEM	Price Each	Total Price
	Success is Spelled E.S.P. (video)	$20.00	
	Fun Begins When School Ends Package	$10.00	
		Merchandise Total	
		Shipping Costs	2.50
		TOTAL AMOUNT	

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

Becci Bookner
Director Of ESP

OVERVIEW

Parents are concerned with their child's well-being after school. Education leaders want to use expensive school facilities and other resources as much as possible. Business leaders want their employees productive -- not preoccupied with stress over their child's safety. A community needs to be recognized as a leader in progressive development. ESP meets all those needs. But let's take a look at what ESP means to our greatest participants . . . .our students.

400 NORTH MAPLE ST., P.O. BOX 279, MURFREESBORO, TN. 37133-0279

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

Becci Bookner
Director Of ESP

ESP: HOW IT BEGAN

"As superintendent, I saw the resources available for school-age child care and the need for extended school program being meshed to produce a meaningful, workable, and affordable experience for millions of children across America."

- Dr. John Hodge Jones
Superintendent

ESP was an idea whose time had come. We did a survey of parents before ESP was implemented. The results were tremendous. We knew there was a need for this service in Murfreesboro, and the parents confirmed our thoughts soundly.

However, one of the major reasons ESP has been so successful so fast is our school board. Our board had the vision of how outstanding this program could be and the fortitude to implement it. ESP certainly represents positive team work.

The entire country is talking about the education reform in one way or another. In Murfreesboro we are well on our way with education reform that benefits our entire community.

The idea is simple, cost-effective, and innovative in educational opportunities that this country badly needs. Our tax dollars are spent on expensive school facilities that are used too little. Our teachers are so busy teaching basic skills that little time is left for enrichment activities. The number one problem facing working parents is child care. Industry and business are also concerned with child care because it affects productivity if parents are worried about their children.

These found needs are critical to our community. ESP is the solution. Parents are relieved of worry; students are exposed to a variety of activities, while also receiving help if needed with homework; industry and business have a less stressed employee.

This is reform. It is progressive in thought and successful in operation. ESP is a part of education reform that is working.

I invite education leaders from across the nation to look at our program. It may address many of the problems now facing American education.

400 NORTH MAPLE ST., P.O. BOX 279, MURFREESBORO, TN. 37133-0279

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

Becci Bookner
Director Of ESP

FACTS ABOUT ESP

-In 1978, the Tennessee Legislature passed legislation encouraging the use of public school facilities for before and after care of school-age children.

-In 1986, the Governor's Task Force on Day Care recommended that school facilities be used for on-site, year-round child care programs for school age children.

-There are over 90,000 children in Tennessee who care for themselves after school because their parents work. These children could use this "alone" time to enjoy the many educational activities of an extended school day program.

-The Murfreesboro City School Board and superintendent saw the unlimited service an extended school program could provide for students, parents, and the community.

-In January 1986, the first Extended School Program (ESP)was started at Hobgood Elementary School. The total enrollment was 21. (Four children in were in attendance on that first day.)

-Today ESP is in all seven Murfreesboro schools, with a projected enrollment of over 1,000 during the 1987-88 school year. This represents 26 percent of the total system enrollment.

-The local university, (Middle Tennessee State University - MTSU), is involved in tutoring, homework help, and special activities. This opportunity for MTSU students is quality training for their professional careers, while providing a unique component to ESP.

-ESP is organized so students and the staff get the most out of after-school hours. Planned activities include: violin, guitar, art instruction, computer training, foreign language experiences, and planned homework time with trained personnel ready to help a struggling student.

-ESP children are given a snack and recreation time each afternoon.

-In addition to the planned activities, ESP children can also participate in afternoon movies, hand work, ballet, music, typing, Brownies, Boy Scouts, and 4-H work at no additional cost.

-The hours and fees for ESP are:

Before School: $10 per week per child (6: a.m. to 7:45 a.m.)
After School: $19 per week per child (2:25 p.m. to 6:00 p.m.)
Both: $25 per week per child
Summer Session: $40 per week per child
*Family Discounts are available
*There is a $5 registration fee

-The ESP in the Murfreesboro City School system is virtually self-supporting . This is certainly rare in public education today. Most innovative programs are heavily tax supported.

-ESP operates daily year round, including snow days, teacher in-service days, and during the summer. All centers are closed for the following holidays:

Thanksgiving Day
Christmas Eve Day
Christmas Day
New Year's Eve Day
New Year's Day

-ESP has become a state model for innovative, cost-efficient programs that serve business, community, and student needs.

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"I believe school boards should work together with school personnel, city government, and the community to provide the best educational opportunities for our children. ESP is a product of this teamwork."

-Mr. Carlyle Jennings, Chairman
Murfreesboro City School Board

As chairman of the school board, it is my overall responsibility to keep our school system moving progressively in programs, curriculum, and service. We have done a pretty good job of that over the years. Murfreesboro City School System is among top systems in the state. We're proud of that. But we wanted to move further in innovative programs. We did. You may know is as ESP - Extended School Program - that serves a critical need for working parents.

But ESP is much more. The school board wanted to provide a safe, enriching, and creative alternative for children that may otherwise go home alone to a T.V. This year over 1,000 students will participate in ESP. Of course, we're proud of its success. We're proud to be the model program for the state. But the most rewarding accomplishment we feel from ESP is parents now have a choice. The fee is affordable for any income bracket, and the attendance is flexible.

I speak for the board when I say each of us that serves the needs of a child's education feel very good about ESP and the elimination of "latchkey" children in our city.

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Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
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ESP: What It Means For the Community

*The School-Age Child Care Concern, and the ESP Solution

- A recent national survey shows that school-age child care is the number one problem facing working parents.
- ALL SEVEN MURFREESBORO CITY SCHOOLS HAVE A BEFORE AND AFTER SCHOOL PROGRAM.
- $74 billion dollars are spent a year (nationally) on child care.
- ESP is tuition based.
- Approximately 60 percent of U.S. children have mothers who work outside the home.
- ESP PROVIDES MORE EFFECTIVE USE OF SCHOOL FACILITIES, RESULTING IN COST EFFECTIVE USE OF TAX DOLLARS AND A VITAL COMMUNITY SERVICE.
- Over 20 percent of children needing child care go home alone because their parents are unable to afford child care.
- ESP IS COMPETITIVE WITH MARKET RATES FOR CHILD CARE.

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Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

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Director Of ESP

ESP: What's Next? The Partnership

Education in this country has become a serious concern; however, it is a community responsibility. Washington can't make education - and all its possibilities - successful in Murfreesboro or any community. State government can't fix schools in communities. No one cares more about schools than the citizens and businesses of each community.

It is a proven fact that quality, progressive education is the cornerstone to community development.

Now is the time for business, education , and the community to join together to keep their school system progressive. As our nation faces a staggering foreign trade deficit, the leaders of our country are turning to education for help with this critical problem that threatens America's place in the world market place.

It will take a strong working relationship between business and education to keep pace with the growing demand of a trained workforce.

The Partnership: How it Works!

Develop a Business Roundtable.

GOALS:

- -To set up an endowment fund for the enhancement of ESP.
- -To expand ESP programs for increased learning experiences for children.
- -To communicate on a regular basis to the community and solicit their help in meeting defined goals.
- -To use ESP as a model project that sets an example of how business and education can develop strong communities.

ORGANIZATION:

Chairman
Executive Director
Members

400 NORTH MAPLE ST., P.O. BOX 279, MURFREESBORO, TN. 37133-0279

EXTENDED SCHOOL PROGRAM

Here's What They're Saying About Us

"The ESP provides the proper supervision that I need for my child before and after school. It also meets the educational needs for my child rather than T.V. after school.

—Mrs. Lightfoot

"Murfreesboro is showing foresight and organization by promoting the Extended School Program. It is to our honor that we have been selected as the model for the state."

—Matt & Beth Bauer

"My children not only enjoy coming to school early but complain that I pick them up too soon in the afternoon. They are always excited about the activities in the afternoon and talk non stop on the way home."

—Burnice Ledford

"ESP I think is the future for our schools. The parents do not have to worry about where their child is or worry if they are getting to another place safe after school."

—John & Sandra Barbee

"As a working mother and student, I need a quality care center for my child. The extended school program provides quality care, tutoring and well supervised physical activities. I feel comfortable leaving my child in the care of ESP."

—Diane Fowler

"We have had the priviledge of living in several areas of the country with many alternatives and choices for child care. **Never** have I had anything that could compare to the Extended School Program and its endless rewards and benefits.

I would like to see this program expanded statewide and nationally."

—Mrs. Steven (Judy) Ladd

"ESP has shown me that my child can learn while she is out of the classroom and still relax and have fun. She expresses much admiration and affection for the staff."

—Laura L. Coffey

Murfreesboro City School System
EXTENDED SCHOOL PROGRAM

Dr. John H. Jones
Superintendent

Becci Bookner
Director Of ESP

"ESP is GREAT for the organized time of children, the assistance it offers the parents and last but not least — minimal expenses when compared to other day care centers."

—Sherry Cunningham

"ESP has proven to be a good experience for my children and myself. The activities are well planned, supervised and enjoyable. It is also reassuring to know that my children are in a safe and educational environment while I am at work."

—Donna Stem

"Our son was ill-tempered, sleepy even after eight hours of sleep and didn't want to get dressed for school in the mornings. Now, he is ready and eager to get to school so he can join in the before-school program. In the afternoon, if he had his way, he would be the last child out the door at 6:00 P.M."

—Mr. and Mrs. Eugene Dickson

"ESP offers a wealth of additional opportunities at low or no cost to the family. These are activities such as guitar, violin, French, Spanish, gymnastics, ballet, etc. that I could not otherwise afford."

—Bridget Reniker

"Being in ESP has made a change in the way my children feel about school because now they have time to play; but they also do new, creative and educational things."

—Mrs. Jesse R. Marable, Jr.

"In addition to the children being well cared for, the teachers are qualified to help the children with any problems they may be having with school work. Having time at ESP to do their homework and this helps not having so much work to do at night."

—Mrs. Willie H. Burks

"As a single parent, father of three, I would like to express my appreciation to the staff of ESP, the school board and the City of Murfreesboro for the job that has beendone with ESP. I frequently hear, 'Dad, we have French, computers, ballet, story time, movies, quiet time, gymnastics after school and we don't get any time to play with our friends in the gym if you come early. So now I don't have to rush. I pick them up at 5:45 P.M."

—Charner Fuerniss

400 NORTH MAPLE ST., P.O. BOX 279, MURFREESBORO, TN. 37133-0279

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF CHIEF COUNSEL FOR ADVOCACY

TESTIMONY OF

HONORABLE FRANK S. SWAIN

CHIEF COUNSEL FOR ADVOCACY

U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON

EXPORTS, TOURISM AND SPECIAL PROBLEMS

OF THE

HOUSE SMALL BUSINESS COMMITTEE

June 8, 1988

DAY CARE: ITS IMPORTANCE TO SMALL BUSINESS

Small business is a vital part of the economy. The new wrinkle for small business in the 1990s will be that, after creating new jobs, it will be more difficult to find workers to fill them. The share of women in the workforce is expected to rise to 47 percent and will comprise more than 50 percent of the small business workforce in the year 2000. Small employers will have to become more creative and more expansive in offering compensation and benefits to attract skilled and dependable workers. One aspect of this is child care. The Office of Advocacy is conducting research on child care issues and small business.

- This summer our office, through the University of Connecticut, will survey 10,000 large and small firms for data on current firm leave policies and their cost by size of firms.

- This spring, the Office of Advocacy released the study "Small Business Options for Child Care," which looked at the characteristics of small firms that provide child care, the reasons companies become involved in child care, and the systems chosen by the firms.

- While a select few are presently in the position to offer these benefits, it is an emerging area for small business investigation.

Mr. Chairman and members of the Committee, I am pleased to be part of this hearing on child care. It is important that this committee look at the state of child care in America today, and in particular review the implications of the myriad of child care proposals on small business. The Office of Advocacy of the U.S. Small Business Administration is authorized by P.L. 94-305 to represent the views and interests of small business before the Congress and Federal agencies and other policy forums.

Small business is a vital part of the economy. The new wrinkle for small business in the 1990s will be that, after creating the new jobs, it will be more difficult to find workers to fill them. Small employers will have to become more creative and more expansive in offering compensation and benefits in order to attract a skilled and dependable workforce. And the availability of some sort of child care assistance will be major factor for many workers.

On the other hand, these changes in the labor market do not tell us what, if any, the appropriate Federal Government response is. The number of child care providers, significantly smaller businesses themselves, is rapidly growing. Our economic system is responding to demands for child care with greater supply. Any additional Federal Government involvement in child care may sound enticing from a financial standpoint for the employer or employee, but new government programs could narrow available choices or swing the provision of child care into some more predictable, but not necessarily improved patterns. The small employers who have dealt with the child care issue have experimented with a variety of approaches, and I congratulate your subcommittees for taking an interest in the small business aspects of this issue.

As we know, the American workforce is changing, with more women in the workforce than ever before. The share of women in the workforce is expected to rise to 47 percent (p. 52, President's Report 1988) and will comprise more than 50 percent of the small business workforce in the year 2000. This trend reflects increased opportunities for women as employees and business owners. This is an important development, and highlights the need for child care. By 1990 a projected 10.4 million children under the age of six will have working mothers, of which many will be working part-time. And 66 per cent of the workforce will be working parents.

Between 1990 and 2000, the annual percentage of population gain for the U.S. is expected to be no more than .75 percent per year (p. 51 Pres. Report). Though women's share of the labor force will see a small gain, it will nevertheless grow at the time the rate of growth of the labor force is expected to decline.

How will the decline in population and labor force growth affect small business? Small business is generally more labor intensive than large business, and will face stiff competition for these workers. Small business can be expected to accommodate the labor shortage by developing new and innovative ways to hire and retain workers and increase worker productivity.

Many businesses, large and small, do not presently offer child care benefits. However, small firms generally do not enjoy the economies of scale or the resources to comprehensively address the child care issue on the same level as large companies. For these reasons, the Office of Advocacy is conducting research on child care issues and small businesses.

Because child care is expensive to supply and availability varies, and because families use a variety of child care services, our office is looking at both leave policies and employer involvement in child care. Neither of the two studies I will discuss today addresses the issue of need for child care legislation or the need to provide child care through the workplace. Rather, it takes a snapshot of family care as seen through the workplace.

1. This summer our office, through the University of Connecticut, will survey 10,000 large and small firms in order to give us a picture of leave policies in small business. We hope the survey will provide the first representative and statistically valid data on current firm leave policies and their cost by size of firm.

2. This spring the Office of Advocacy released the study "Small Business Options for Child Care", which examines several innovative approaches taken by small employers to provide child care benefits and the factors that influenced their decisions. I will highlight the findings of that study today.

The objective of this study, which was conducted for us by the Berkeley Planning Associates, was to compile a profile of child care options used by small firms and an analysis of circumstances that determine both their effectiveness and replicability. It was not a survey to get a "count" of firms offering child care benefits, but rather an attempt to find out which approaches worked and make this information available to the small business community. In particular the study looked at the characteristics of small firms that provide child care benefits, in terms of size, industry, demographic makeup, management, company growth, local labor market conditions, and urban, suburban or rural location. It also looked at the reasons companies become involved in child care, the systems chosen by the firms, and how the supply/availability of local day care affect employer involvement.

Four major categories of employer-sponsored child care benefits emerged from the case studies, which were conducted with employers with a range of 6 to 100 employees, in three states, as well as with more than 50 small business and child care experts:

1. Reimbursement plans - these plans include dependent care assistance and allow pre-tax dollars to convert to child care payments. Some firms make direct financial contributions toward employee child care expenses, which is more costly than dependent care assistance, but simple to administer and applicable to all parents who use any form of paid child care.

2. Child care centers at or near the workplace

3. Information and referral Services

4. Flexible work policies.

Several factors consistently influenced firms' benefit choices, including the following:

- Availability of local child care supply and convenient arrangements, and availability of expert assistance, special community child care projects, seed monies or subsidies for employer-supported child care;
- Administrative capacity inside the firm;
- Financial and property resources within the firm;
- Projected employee participation in various benefit options;
- Equity considerations between parents and non-parents as well as parents within a group;
- Structure of jobs and workplace interaction, with the amount of flexibility a key factor.

I have included in my testimony a chart comparing the features of these plans by benefit type.

Among the characteristics of firms that offered child care benefits are those that will be especially important in meeting workforce needs in the future.

- Management placed a high priority on retaining employees, especially those in whom a great deal of training had been invested. This corresponds to recent testimony given by Commissioner Janet Norwood of the Bureau of Labor Statistics before the National Academy of Science, that women represent a significant proportion of the population of workers in many of the occupations which require considerable training and experience.

- Child care and other benefits are offered to attract new workers in a tight labor market, again an issue that will be increasingly important in the future.

Other characteristics of firms offering child care benefits found in this study include:

- Support for child care as part of a broader commitment to making the workplace responsive to employee needs, as evidenced in other benefits and policies;

- A high proportion of women comprise their workforce, many of whom hold top management positions;

- The firms experienced a rapid growth which they expect to continue, or have attained the number of workers that management prefers;

- None of the firms are experiencing serious financial difficulties.

So within the study of innovations used by a minor number of small businesses, we can see that a select few are presently in the position to offer these benefits. It is, however, an emerging area for small business investigation.

While it is clear that child care is an important national topic and especially an issue for working parents, I would like to emphasize keeping open individual choices and multiple options for services, and encourage the expansion of private day care providers. As this and other committees of Congress examine child care in America, I urge the Congress not to take actions which will foreclose options for delivery of child care for both employers and employees. There are over 100 bills proposed on Capitol Hill addressing some aspect of child care. The Secretary of Labor has issued a comprehensive Task Force Study on several aspects of the issue. With the variety of needs and situations represented in our nation's 18 million small businesses, flexibility must be the hallmark of any child care policies, whether stimulated by employers, employees or government.

Comparison of Features by Benefit Type

	Relative Cost to Firm[a]	Best Circumstances	Employee Eligibility/ Participation	Features of Implementation	Equity Problems	Advantages	Company Size Considerations
Reimbursement Plans:							
•Tax-sheltered (DCAPs) or cafeteria plans	4	Good local child care supply Tax expertise available	Higher income employees (DCAPs) Those with other health coverage (cafeteria plans)	Record keeping Employee tax advisor Adequate participation from high and low income groups (nondiscrimination clause)	No	Flexibility Low cost to employer	Administration (both) Nondiscrimination clause (DCAP only)
•Employer contributions	2	Good local child care supply Tax expertise available	All who use child care	Record keeping	Yes	Flexibility Easy to implement	No
Centers	1	Inadequate local child care supply Expertise available Licensable space available High projected utilization Uniformity of need among employees Start-up resources	Parents of children of appropriate age who use child care	Fee scale decisions Licensing issues: state and local regulations Ongoing management responsibility: staff, insurance, facility	Yes	Employees return to work soon after childbirth Increases employee commitment	Economies of scale Participation level
Information and Referral	3	Good local child care supply I&R agency available and Nonduplication of community services	Those making child care arrangements	Contract terms	Yes	Flexibility Easy to implement	Utilization
Flexible Work:							
•Flex Hours	5	Appropriate job and workplace environment	Most parents	Balance between formality/informality: defining policy	No	Flexibility Low cost to employer	Small firms: Informal Larger firms: Absorb flexibility
•Infants-in-Workplace	5	Appropriate job and workplace environment Space	New parents with appropriate job/space	Balance between formality/informality: defining policy	Yes	Employees return to work soon after childbirth	No

[a] 1 represents the highest cost option; 5 the lowest.

Source: Berkeley Planning Associates, "Small Business Options for Child Care," Final Report submitted to the U.S. Small Business Administration, Office of Advocacy (Contract no. SBA-2056-AER-87), March 28, 1988.

SBA
U.S. Small Business Administration
Office of Advocacy

Small Business Research Summary

RS Number: 85

SMALL BUSINESS OPTIONS FOR CHILD CARE

Berkeley Planning Associates
Berkeley, California
Completed March 1988

I. Purpose of Study

While thousands of U.S. companies assist employees with their child care needs, small businesses do not offer this benefit as frequently as large firms. Compared to large firms, small businesses generally do not enjoy the economies of scale or the resources required to start or support a child care center. Small firms also do not employ the in-house technical expertise necessary to set up child care financial assistance or benefit plans. The purpose of this research is to examine several innovative approaches taken by small employers to provide child care benefits, and the factors that influence their decisions.

II. Highlights

The study found that small firms offering child care benefits often share these characteristics:

- Management places a high priority on retaining employees, especially those in whom a great deal of training has been invested.
- Support for child care is part of a broader commitment to making the workplace responsive to employee needs, as evidenced by other benefits and policies.
- Child care and other benefits are offered to attract new workers in tight labor markets.
- A high proportion of women comprise their workforce, many of whom hold top management positions.
- These firms experience rapid growth which they expect to continue, or have attained the number of workers that management prefers. None of the firms are in serious financial difficulty.

This report summarizes one of a series of research papers prepared under contracts issued by the U.S. Small Business Administration, Office of Advocacy. The opinions and recommendations of the authors of this contract study do not necessarily reflect official policies of the SBA or any agency of the U.S. Government. The Administrator of the U.S. Small Business Administration has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this agency. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget.

Four major categories of employer-sponsored child care benefits emerge from the case studies: (1) reimbursement plans; (2) child care centers located at or near the workplace; (3) information and referral services; and (4) flexible work policies. Child care centers and benefit plans that provide services to employees of several collaborating small firms were also examined.

Reimbursement Plans: Most of these cases include dependent care assistance plans that allow pre-tax dollars to convert to child care payments, which saves employee and employer taxes. They may also include flexible benefit packages that permit trade-offs between child care and other benefit options. Reimbursement plans involve little net cost to employers who are able to acquire the expertise necessary to start and administer the plans. The flexible benefit plans do not appear to be useful to most single parents. Worker participation in the first years of many of the reimbursement programs was significantly lower than employers initially expected.

A smaller number of firms make direct financial contributions toward employee child care expenses, in most cases approximately $100 per month. This approach costs the firms more than the dependent care assistance plans or flexible benefits, is simple to administer, and is applicable to all parents who use any form of paid child care.

Child Care Centers at or near the Workplace: Most firms that establish child care centers are in small towns where child care opportunities, especially for infants, are extremely scarce and property for a facility is unavailable or unaffordable. These centers contribute substantially to the ability of employees to remain at their companies and to improve the quality of care their children receive. The costs for starting and partially subsidizing the operations of these centers are greater than employers projected, but employers' assessments of the centers are nonetheless very positive.

Information and Referral Services: This approach entails contracting with an outside agency to assess the company's child care needs and to provide employees with information and assistance in locating and choosing care. The utilization of referral services is low, though highly valued by those who do make use of them.

Flexible Work Policies: Some companies permit various adjustments to hourly and weekly work schedules and place of work, and some allow parents to care for their own children, or to transport them to and from child care. The viability of these arrangements varies according to the nature of each employee's job, the physical layout of the workplace, the needs of the child, and the overall schedule demands of the firm. All the care study firms with these policies reported that they were implemented with few or no problems.

The study also examines successful child care centers and benefit plans that provide services to employees of several small firms. None of these collaborations were started or controlled by the small employers; each relies on the capital, initiative and management of a property developer, child care provider, community organization or consultant.

III. Scope and Methodology

The research consists of case studies of two dozen employers in three states (California, Massachusetts, and Vermont) and interviews with more than 50 small business and child care experts. The firms range in size from six to more than 100 employees, and include a broad spectrum of manufacturing and service companies. They are located in central cities, suburbs, and small rural towns--communities that vary greatly in their labor markets and supply of child care programs. In addition to the case studies, fifty interviews were conducted with government employees at the Federal, state, and local levels, employees of nonprofit organizations, trade associations, child care providers, universities, and independent consultants.

IV. Summary

Small businesses have not participated in employer-supported child care as extensively as larger firms, primarily because they have fewer employees and scarcer resources with which to work. The research in this study indicates that there are serious limitations to the technical assistance information currently available to small businesses. Case studies illustrate that different types of small firms implement child care benefit programs which meet their specific needs. In choosing among child care options, small firms should balance considerations of firm and community resources with the special advantages and liabilities of each option.

Comparison of Features by Benefit Type

	Relative Cost to Firm[a]	Best Circumstances	Employee Eligibility/ Participation	Features of Implementation	Equity Problems	Advantages	Company Size Considerations
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Statement of the U.S. Chamber of Commerce

ON: CHILD CARE

TO: SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS OF THE HOUSE COMMITTEE ON SMALL BUSINESS

BY: DR. EARL H. HESS

DATE: JUNE 8, 1988

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest federation of business companies and associations and is the principal spokesman for the American business community. It represents nearly 180,000 businesses and organizations, such as local/state chambers of commerce and trade/professional associations.

More than 92 percent of the Chamber's members are small business firms with fewer than 100 employees, 59 percent with fewer than 10 employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business--manufacturing, retailing, services, construction, wholesaling, and finance--numbers more than 10,000 members. Yet no one group constitutes as much as 31 percent of the total membership. Further, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the 56 American Chambers of Commerce Abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross section of its members serving on committees, subcommittees and task forces. Currently, some 1,800 business people participate in this process.

STATEMENT ON CHILD CARE
before the
SUBCOMMITTEE ON EXPORTS, TOURISM AND SPECIAL PROBLEMS
of the
HOUSE COMMITTEE ON SMALL BUSINESS
for the
U.S. CHAMBER OF COMMERCE
by
Dr. Earl H. Hess
on
June 8, 1988

Mr. Chairman, and members of the Subcommittee, I am Earl H. Hess, founder and president of Lancaster Laboratories, Inc., located in Lancaster, Pennsylvania. My company is an independent laboratory providing chemical and biological services to a wide range of clients in the food, environmental and pharmaceutical areas. Accompanying me today are Christine Russell, Director of the U.S. Chamber's Small Business Center and Virginia Lamp Thomas, Labor Relations Attorney for the Chamber.

The first board meeting for Lancaster Laboratories was held in my living room in 1961. The business then was truly a "family business." My wife handled the bookkeeping, clerical and housekeeping aspects of the business, ofttimes while babysitting our youngest daughter. I was lab manager, research director and the general "Jack of all trades." The family cleaned the lab together every Friday night with each of our children having chores appropriate to their ages.

We now employ 250 people and over the years have developed a national and international reputation in the environmental and life sciences. We have under construction a lab addition that will add 18,000 square feet of space and about 75 jobs over the next year. Even with this growth, we work very hard at maintaining a familial atmosphere within our business.

I am here today as a Member of the Board of the U.S. Chamber of Commerce and as Chairman of the Legislative Policy Committee of its Small Business Council. Besides representing the Chamber, I am here to tell you about a decision made by listening to and sensing the needs of my employees. In 1986 we decided to establish an on-site child care center. Both my heart and my head were used in this decision. It was one of the best business decisions that I have ever made.

WHY CHILD CARE AT LANCASTER LABORATORY:

First of all, I sensed that many of our employees were stressed by having to make a choice between career and parenting. Having grown up on a family farm where parenting and career did not conflict and having reared our own children when our business was quite small, I empathized with employees who seemed forced to choose. Therefore, we surveyed employees and found several reasons for looking at child care in our company:

1. The average age of our employees is 32.1 years. That means that many of our employees are in prime childbearing years.

2. Sixty percent of our employees are women and are part of a two-career family. Many of these women are specially trained and hard to replace. Furthermore, their absence from the work place for a long period would place them at a distinct disadvantage in reentry because of rapidly changing technology. The survey also indicated that the vast majority of working parents -- fathers as well as mothers -- would prefer to have their children closer to them during the day.

3. We did a survey that indicated that a large percentage of employees were planning to start a family within the next five years.

WHAT LANCASTER LABORATORIES PROVIDES IN TERMS OF CHILD CARE.

We began with a center with a capacity for 28 children but outgrew it in less than two years. We have just completed a new center, complete with a recreational area, that can accommodate 112 children and operates from 6:30 a.m. to 6 p.m. Children range in age from six weeks to twelve years. Forty spaces are reserved for our employees, while the rest are available for children in the surrounding community. We provide a toddler program, a nursery school program and a state-certified half-day kindergarten.

We subsidize the child care facility by in-kind services (such as the building, maintenance, certain utilities, forgiveness of land rental, etc.) so that our employees receive a 20% to 30% discount from the commercial rate. Parents also have the option to pay for child care expenses with before-tax income through our company flex-plan.

Magic Years Child Care and Learning Centers* operates our center. We basically contract out the management of this facility to Magic Years and it operates the facility on a day-to-day basis. It is a tax-paying, publicly held company, and the entire program is carried on without any governmental subsidy, either direct or indirect. Our choice of operators is based first of all on high-quality care and secondarily on financial considerations. Parental involvement and satisfaction are a critical element to the operation's ultimate success.

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* Magic Years Child Care and Learning Centers, 532 East Main Street, Plains, PA 18702; William J. Grant, President.

HOW IT IS WORKING

I have seen three immediate benefits to our pursuits in the area of child care. First, there has been less turnover of those employees who otherwise may have chosen to stay at home with their child. Second, it has helped us in recruiting new employees. In fact, the high percentage of young female employees in our work force cited earlier is in part a result of, rather than strictly a reason for, having child care. Third, I believe that it has increased parents' productivity in the workplace.

I could tell you many human interest stories arising out of our child care facility -- a maintenance man whose little boy comes along to work with his father and who spend their lunch hour together in our pavilion; a key certified industrial hygienist who gave birth to twins and who has been able to continue her career only because of our on-site day care... and more.

Non-parent employees enjoy the children, too. At Halloween or Christmas the children will come through the work place dressed up in costumes or singing songs. I am convinced that having children so close by makes a difference in our company, draws us all closer and helps to retain the familial culture so important to me for both personal and business reasons. It has been, without a doubt, one of the best business decisions that I have made.

IMPLICATIONS FOR FEDERAL POLICY:

I want to point out that our on-site child care was established without government mandates or interference. I regularly speak to my business colleagues throughout the country telling them about my experience and encouraging them to consider child care in some form.

My example demonstrates that the private sector can take the lead in solving the child care problems facing America. When companies are educated and encouraged, they can and will respond to the needs of employees, balancing work and family concerns through flexible personnel policies. Our experience proves that both employers and employees can benefit from an approach that balances the needs of both parties and deals realistically with financial matters and societal trends.

For some employers, the most appropriate and desirable policy or benefit that they can offer may be flexible working hours or home-based work. Others may subsidize child care at a community site or may simply provide very liberal leave policies. On-site child care worked for me, but it may not work for everyone. However, I will attempt to persuade more employers to consider it. Just this week, a relatively small business in Lancaster has indicated that it is initiating programs similar to ours.

If the government forces a program on employers, it would certainly limit the flexibility of business to respond to this need in a manner most mutually satisfying. The role of government should be catalyzing through the provision of incentives rather than involving itself in business management decisions.

CHAMBER ACTIVITY:

I participated with the Chamber in fashioning a new policy statement guiding its activities in the area of child care this year. That policy, a copy of which is attached, was adopted unanimously by the Chamber's Board on February 10, 1988.

In addition to encouraging employers voluntarily to adjust their employee benefits or personnel policies to accommodate child care needs, the Chamber is supportive of a limited federal role in the child care area. However, the government should not be involved in the provision of child care!

Besides adopting the new policy statement, the Chamber has published two major articles in its magazine, Nation's Business. The Chamber also featured child care on its It's Your Business program that aired April 16-17 nationwide. It is currently surveying state and local chambers to assess levels of interest and activities at the local level with child care. A sample of local chamber activities follows:

- The St. Paul, Minnesota Chamber won a Presidential Citation for its leadership in defining and helping to relieve a shortage of facilities for child care.
- The Ann Arbor, Michigan Chamber conducted a one-day "Child Care and the Work Place" conference in November and publishes information in its Business-to-Business report.
- The New Haven, Connecticut Chamber confronts the business policy issues related to child day care and publishes articles to inform members.
- The Maryland Chamber (Annapolis) and local chambers cosponsored a conference in which employer representatives outlined options that their firms use to assist with day care, including referrals, on-site care, consortia centers, flexible benefit plans for employees and other options.

- The Concord-Cabarras, North Carolina Chamber's Health Services Committee conducted a survey that showed child care and AIDS at the top of business health concerns. A follow-up questionnaire has asked for specific information from members on child care needs and attitudes.

- The Pennsylvania Chamber (Harrisburg) sponsored a one-day session on work place issues featuring employer-initiated child care variations.

- The Delaware Chamber was a catalyst in and now is a partner in a state-wide information and referral service to help families and employers. They are also considering a major consortia effort.

FUTURE U.S. CHAMBER ACTIVITIES:

Many options now are being explored at the Chamber to enable it to be a positive participant in the evolution of America's response to the needs of employees in balancing work/family responsibilities.

These options include:

- The compilation of a primer for a variety of voluntary business community responses to local needs in the area of child care;
- The support of a national survey to assess priorities of employees and employers;
- The support of a symposium of child care providers and experts; and
- A survey of day-care providers.

SUMMARY

Family-related needs of employees are diverse and evolving. Providing child care is only one aspect of the societal trend of women -- especially women with young children -- in the work force. Both employers and employees can benefit from an approach that allows for an evolution in the development of employee benefits to satisfy the needs created by this trend. The Chamber believes that as the private sector learns more about this issue, it will continue to respond positively, as indicated by the growing state and local chamber involvement in this issue and such initiatives as our company has taken.

Thank you, Mr. Chairman, for the opportunity to testify. I would be pleased to answer any questions.

Attachment

U.S. Chamber of Commerce

Washington, D.C. 20062

BALANCING WORK/FAMILY RESPONSIBILITIES

Dramatic changes are occurring in the demographics of the American work force. Single heads of households and two wage-earner families are becoming increasingly common. The Chamber encourages employers to assess and to accommodate the diverse and evolving needs of employees who may be balancing both family and work responsibilities. Flexible and responsive personnel policies can best address the diversity of family needs of workers.

Although the specific appropriate response to work-force needs will vary among employers, possible voluntary private-sector options that should be considered by employers include: to include a dependant care option in flexible benefit plans, consortia to provide child care, child care or sick child vouchers/subsidies, liberalized leave policies, part-time work, home-based work, job-sharing, information and referral services on local child-care services, flextime and on-site day care. Local public-private partnerships or innovative responses to work-force needs should be encouraged. Such responsiveness can yield higher employee morale, productivity, recruitment and retention potential, as well as stem excessive absenteeism.

Although a shortage of adequate and affordable child care may present problems in select areas of the country, the federal government should resist the temptation to mandate specific employee benefits, to regulate previously-unregulated industries, to subsidize or compete unfairly with private-sector day care centers, or to impose a costly and monolithic federal child-care program. The federal government should limit its role to:

- addressing the liability insurance crisis as a factor in day-care shortages where they exist;
- providing incentives to improve the affordablity and availability of child care; and,
- identifying programs and demonstration projects and disseminating information about them.

Any regulation of child-care services and providers, where appropriate, should be the function of state and local authorities.

Adopted Unanimously by the
Board of Directors,
U.S. Chamber of Commerce
February 10, 1988

9321G/19

TODAY AND TOMORROW:
CHILD CARE AND SMALL BUSINESS

DR. STEPHEN LEHANE

University of Southern Maine
Child Care Services

June 8, 1988

Congressional Testimony

If I were introduced as Dr. Stephen Lehane, psychology professor, author of a half dozen books, and director of four child care centers, no doubt your mind would fill up with a certain image.

How different would that image appear if instead I said, I run a small to mid size business on a budget of $2 million and a payroll of 70 that serves over a thousand customers a year.

How you view each image may determine not only the future of child care, but the continued viability of the heart of America's economy, its small businesses.

From all projections our nation is on the verge of a labor shortage. By nature small business is labor intensive.

One key to licking this labor problem is child care. Consistently, studies show that child care helps attract, retain and cultivate more productive workers.

According to the Hudson Institute, by the year 2000 the ranks of this country's work force will be over-populated with women. (Since the beginning of this decade 84% of the new jobs created in the service sector have been filled by women.)

Backing up the women will be a vast army of young, poorly educated minorities.

Recent research indicates that when poor kids are exposed to quality early care and education before they start school, more eventually go on to college, land well-paying jobs and have stable, productive families.

In contrast, their neighborhood buddies and chums without such early care and education turn out to be our delinquent drop outs, drug addicts and teen age parents who cost society billions of dollars each year, let alone countless lost lives.

Industry alone shells out $30 million annually to retrain its young workers in basic skills.

Fortune 500 companies can easily bury these training expenses in their mind boggling budgets or simply fill in a blank check and build a day care center overnight.

However, merely throwing money at a problem doesn't take much creativity. Even for these corporate titans, as labor problems mount, their war chests will soon dry up.

Small businesses do not have the luxury of such cash reserves. As a result, to remain competitive in a tight labor market it is incumbent that they dream up imaginative solutions for drawing more workers into their plants and shops...which brings us back full circle to child care.

Child care is not cheap. In Maine, it costs more to send your baby to an infant center than it does to pack your eighteen year old off to the state University. Keep in mind, higher education is underwritten by taxes; otherwise tuitions would be three times what they are today.

There's no federal water pipe about to flood child care with public monies. The cure to the problem seems to rest squarely on the shoulders of local business, educational, governmental, and religious leaders.

Portland, Maine is a case in point. Ten small businesses have put together a partnership with the schools and the University of Southern Maine to deliver child care to over a hundred youngsters, in such a cost effective manner that it almost rivals the subsidies received by higher education.

Like a builder who takes an option on a parcel of land and then pre-sells lots for condos, the one hundred available child care slots were pre-sold to the ten companies as KIDOMINIUMS!

Pre-selling the slots generated the collateral for securing the loans necessary to purchase and rehabilitate two inner city buildings to provide child care to the employers of these ten companies.

But the ingenuity didn't stop there. The companies then began to offer their respective specialties as inkind contributions. Each contribution had a dollar value which was transferred into child care credits for the use by the employees. C.P.A. firms that might normally charge $10,000 for doing our books, purchasing records, and payroll would perform these functions as donations that would add up to child care credits for their accountants and staffers.

Similar bartering arrangements were struck with various businesses contributing food, paint, lumber, security, refuse hauling, as well as the donations of legal, real estate and architectural fees.

By translating inkind contributions into child care credits, little if any substantial up front financial outlays were necessary. Hence, child care now becomes more available and affordable even to the smallest "mom and pop" operations.

Making child care affordable was the main motive behind these bartering measures. However, what still remains untouched is the core child care cost: teacher salaries. Staff expenses generally eat up 85% of most budgets. In child care as in any other enterprise you get what you pay for: quality care costs top dollars. The bottom line is always the child.

Yet the challenge remains to reduce costs without compromising America's kids. Of the proposals aimed at this challenge the most promising involves tapping the potential of student volunteers.

Currently educators are exploring a graduation requirement entailing a Semester of Service (SOS). If adopted nationally, millions of student interns could be available to human service organizations as well as those small businesses qualifying for loans who also support family type benefits.

Triggered by economic self interest, the Great Powers are phasing in an era of accommodation that's relaxing most traditional distinctions: whether they be age, gender, language, trade or ideology. [Could you ever imagine the "Head Red" toasting the virtues of free enterprise and the American way?]

On a plane closer to home, the distinctions and responsibilities between work and family are also dissolving. It will probably hit small businesses first, particularly as the impact of the changing American work place begins to hit our economy. In this new era child care will be seen less as a benefit than as an essential for doing business.

TODAY NO COMPANY GOES INTO BUSINESS WITHOUT COMPUTERS.

TOMORROW NO COMPANY WILL BE INTO BUSINESS WITHOUT CHILD CARE.

"Tomorrow is already here for the University of Southern Maine. In responding to this new era its Child Care Services, hand in hand with business and community organizations, have launched a number of projects:

Chills 'N Spills	(Sick Child Care) cosponsored with a local HMO. According to the Wall Street Journal sick care will emerge as the critical child care need of the 90's.
MASH-Care	Portable Child Care unit capable of delivering this service to any where in New England for conferences, conventions, business meetings or seminars.
Evening/Weekend Care	(to midnight). Partially underwritten by the United Way. This service has been a boom to financial services during the tax season and to tourism industry over summer months as well as to all retailers for their X-mas hiring rush.
Camps	Year round for school age youngsters. Offered during all vacations, holidays, teacher/professional days. [How many employees are lost when bad weather cancels school?]
Parenting Center	Through a Junior League grant, delivers seminars, support groups, as well as media and print material concerning family matters right to the work place: "We come to you."
Rehab. Workplace lab:	Funded by the local hospitals and the state for employing mildly disabled workers--truly an underutilized employee pool.

None of the above would be in place save, for the progressive administration of the University of Southern Maine. Child care, originally seen as an extension of its admission and employment efforts, now warrants a solid financial commitment. Currently $15,000 is awarded from the President's office to defray its students' and employees' child care costs.

Though the momentum for Child Care is building across the national landscape, quality child care is still hard to find. Yet given the brain power in America, let alone the leadership in this room, I can't see why, if we can put a man in space, why we can't create more space for the child of man on earth.

TESTIMONY TO THE SUBCOMMITTEE EXPORTS, TOURISM AND SPECIAL PROBLEMS

JUNE 8, 1988 9 AM

MR. P.J. STAFFORD

EXECUTIVE VICE PRESIDENT, PAL CORPORATE CHILD CARE, INC.

I. INTRODUCTION

Good Morning

My name is P.J. Stafford and I am the Executive Vice President of PAL Corporate Child Care, Inc., a small business based in Silver Spring, MD. PAL is the nation's leader in creating and managing "consortium" child care centers where groups of small businesses band together to create a top quality child care facility in or near the workplace.

There are four such Play And Learn centers in the Washington D.C. area, with 10 additional centers in various stages of completion. PAL's clients include small businesses, real estate developers and the Federal Government.

There are a number of options available to small business who desire to assist their employees to better balance their work and family commitments. I am here to discuss the mechanics of one particular option, the **consortium approach to child care** located at the workplace.

I know of very few small businesses that could justify, from a cost benefit perspective, sponsoring their own on-site child care center. The vast majority of small businesses, however, could justify the expense of participating in a consortium.

II. THE CONSORTIUM MODEL

Three distinct groups must come together to form a consortium:

A sponsor of space, usually 3,000-6,000 square feet

In order to keep start up costs down to a level that can realistically be raised from participants in the consortium, consortium centers normally rent space rather than construct free standing facilities. The landlord can be the developer of an office park, the owner of an apartment building, one of the members of the consortium who sub-let space in their office facilities, or even a government agency with unutilized space.

Second, Contributing companies

PAL has found that between five and thirty companies is the ideal number of participants in a consortium.

Third, An organization with the professional expertise to create and operate a quality center

III. THE ATTRACTIONS TO SMALL BUSINESSES

There are four main benefits of the consortium model:

REDUCED LIABILITY. Consortium Centers are set up as independent corporations, so no one company assumes the liability of an on-site child-care center. The model permits companies to support a center through an initial contribution, but significantly reduces their liability. Each center carries its own Standard Day Care Insurance Policy, usually with coverages over $2 million dollars. Our attorneys, Golden Freda & Schraub, of Washington D.C., counsels us that one of the most effective ways for a company to limit legal liability is by hiring an independent child care provider to operate the center. This independent contractor bears the liability for the negligent or criminal acts of its employees or volunteers. The center can be located on-site or off-site. If located on-site, the company may have liability as a property owner or landlord for unsafe premises or equipment. If located off-site, the companies liability is limited to negligence in selecting the independent day care provider.

SHARED COSTS. Expenses incurred in opening a child-care center can be high. Using the consortium method, these costs can be shared among the members of the consortium. The costs are based on a per child usage of the center. A very small company, may reserve only one space, while a larger member of the consortium, may take 15 spaces. A child care center located in the workplace environment needs at least 65 children to take advantage of certain important economies of scale, though more than 100 children can be inappropriate for a workplace center due to, among other factors, limited amount of outdoor play space. Once the center is established, the independent contractor, ie, PAL Corporate Child Care, operates the center so as to be financially independent of ongoing corporate support. That is, parent tuitions pay all operating expenses.

Another attraction is the ALLOWANCE FOR CHANGING EMPLOYEE

POPULATION. Companies go through cycles of population growth and recession with associated variances in the need for child care. The consortium model allows for the changing needs of the member employers.

INPUT WITHOUT DAILY INVOLVEMENT. Members of the consortium are removed from the responsibility of the Center's daily affairs, but they have the opportunity for input in major decisions by having a representative serve on the Center's Operating Board of Directors. For example, if a company needs to extend the operating hours of a day care center to accommodate the needs of a second shift of workers, the company has a voice on the Board.

IV. THE MECHANICS OF GETTING A CONSORTIUM STARTED

There needs to be some catalyst to get small business people together to look at this option. The initial catalyst in all the Northern Virginia consortiums we helped to create was Congressman Frank Wolf. He provided a forum by which top management could discuss the issue. In the Tysons Corner example, a local business person's group, the Tysons Transportation Association, took the fledgling concept under its wing and sold the concept to the CEO's that attended its meetings.

When the consortium gets the go ahead to proceed, an **Incorporating Board of Directors** is formed, which is composed of executive level personnel from the contributing sponsors. They set the legal, corporate and financial policy that best serves the needs of the members of the consortium. They generally meet once every few weeks after work or for lunch. An independent contractor, an expert in child care, actually handles the details to carry out the policy, since these people have full time job, civic and family responsibilities.

About three months before the center is scheduled to open, the Incorporating Board appoints an **Operating Board of Directors**, composed of parents of children to be enrolled in the center, and representatives from the corporate sponsors. This group makes decisions such as approving parent policies, personnel practices, enrollment agreements, and the like. The centers we are associated with serve children from 3 months thru six years old, after which time they enroll in kindergarten.

An **Executive Advisory Counsel** is formed which serves as an advocate for the center among the corporate community.

The day to day affairs of the center are handled by a Center Director. She in turn is overseen by a day care management company, which helps in area of accounting, staff training and other functions which an individual center can not afford to have staff to handle.

HOW MUCH DOES THIS ALL COST ?

There are three main areas of cost associated with creating a day care center.

The cost to create space which meets the strict health, fire and zoning codes attributable to day care facilities is approximately $150,000, depending on if the space is new or retrofitted, free standing or in an existing office building. This cost is generally borne by the landlord, who then recoups that expense as part of the rent on a long term lease.

There are costs to equip the center, approximately $40,000, and that money is borrowed from a lending institution and is repaid over a period of 5-8 years as a line item in the center's budget.

There is about $100,000 in "soft" costs associated with starting a center. The costs for architect and attorney fees, the independent contractor who creates the center for the members of the consortium, losses that naturally occur until the center reaches break even level of enrollment. This money is also used to provide working capital for the operation of the center and as a endowment so that scholarship spaces can be offered. At Tysons Corner, the Center is licensed to care for 87 children. 67 of these spaces were reserved by members of the consortium, while 20 spaces were reserved for the developer, who uses the spaces as incentives to get companies to locate in the office complex.

We raise the $100,000 by selling spaces in the center at a cost of approximately $1,500 per space. As I mentioned earlier, a very small company may have the need for two spaces, at a cost of $3,000, while a larger company may reserve, say, 12 spaces, at a cost of $18,000.

The parents, of course, are responsible for monthly tuition payments, though the costs are usually below market rate. In the Fairfax County centers, tuitions range from $81 per week for the oldest children to $110 per week for the infants, as young as 12 weeks old. Additionally, as companies get more comfortable with the concept, they expand their benefit packages to enable the parent to pay tuition with pre-tax dollars, or the company can subsidize their employees' tuition either as part of a larger flexible benefits plan, or as part of a dependent care assistant plan.

On a yearly basis the companies can extend their priority enrollment status for a nominal amount, usually about $1 per employee. Though this amount is small, is raises approximately $10,000 per year to help fund the on going scholarship programs, so that secretaries, as well as vice president, can afford to participate, if they wish to.

RECOMMENDATIONS

Should the Federal Government become involved in helping create such consortium Centers ? Sherlock Holmes would call this a "three-Pipe problem", and after smoking his third pipe the only possible answer is "it depends".

In some areas of the country, licensing standards are so lax that entrepreneurs have flooded those markets with centers to take advantage of the additional profit potential. For example, in Maryland a child care center can only have three infants for each caregiver. In Florida, you can squeeze in eight infants per caregiver. You can imagine the profit potential is much higher in Florida. Hence, in some area od the country, the day care shortage is much more critical than in others.

It is my opinion that the consortium approach is an excellent way for small and mid sized companies to assist their employees with their child care needs. When the companies are involved, they only want to create top quality centers for their employees, hence in a very direct way the consortium approach acts to raise the level of quality in an industry where quality is critical.

The following are some of the most effective actions that can be taken to increase the number of small business who form successful consortiums:

On the Federal Level-

I believe that dangling a carrot is much more effective than wielding a stick. Some companies will not participate no matter how little the cost because they do not place a high enough value on the benefits that accrue to employers that make sure their working parents have access to quality, affordable child care.

The companies that participate in consortiums now are trend setters. To reach a wider audience, our experience has shown us that top management of companies perceive (1) cost and (2) liability as the two main stumbling blocks to their participation in their employees child care. In addition to these, PAL sees three other stumbling blocks: (3) Availability of space for the center, (4) making quality educational care available to parents of all incomes, and (5) state licensing regulations that are outdated and not able to accommodate the unique demands of workplace-based child care.

First, Cost:

When employers participate in a consortium, the funds they commit are deductible as a Section 162 deduction and are excludable from employees income as a de minimis fringe benefit. If the funds committed can be treated as a corporate tax credit, up to a maximum of say, $10,000, then top management of small businesses would be more receptive to the concept.

For employers who are not swayed by the prospect of a tax credit (ie, unprofitable companies, non-profit companies), and to magnify the value of employer contributions, a matching grant fund should be available to employer sponsored consortiums, though they should be disbursed at a local level.

Second, Liability:

As I mentioned, the consortium model completely eliminates corporate liability, if in fact due diligence is performed in selecting the independent contractor. However, individual members of the Board of Directors of the center are exposed if their decisions are found to be negligent. If the Federal government could work with the states to limit liability to Directors of Non-Profit day care centers, it would go a long way to encourage the participation of interested parties on the Boards of these centers.

Third, Space.

One of the largest stumbling blocks to opening these centers is locating suitable space, and outfitting it to meet strict licensing regulations. Commercial Real Estate Developers and the limited partners that back specific commercial projects need to be given an incentive to invest in non-profit day care, both in the start up phase, and on an on going basis. One of the side effects of the recent changes in tax law was that investors in commercial projects saw their write off of paper losses in commercial projects significantly curtailed. As a result, while developers continue to be interested in having day care facilities in their projects, their limited partners have been pressuring them not to do so because the losses from giving the center below market rate rents, or by building out the space were no longer deductible.

By reinstating the deductibility of costs associated with day care, it will encourage the creation of space for this purpose. The developers we work with, for example Rouse & Associates, do not make normal rates of return from their involvement with child care. They do so because they feel they have a commitment to the community to encourage the formation of quality centers. This is laudable, but that spirit is not widespread in the development industry.

On a local level, a very effective, low cost means to this same end has been trading increased zoning density or quicker site plan approval for child care space. A developer who includes a certain amount of space for child care, and who stipulates that, say, 10% of the spaces are to be scholarship spaces, can add additional space onto the building, or have their plans approved in six months rather than 10 months. Both would save the developer enough to justify the loss on the child care space. In Silver Spring, MD we are working with a developer, Petrie Dierman Partners, who in exchange for certain zoning changes, and increased density of office space, is providing day care space at no charge to members of the community. There is no real cost to the county government, and the developer has an incentive to provide this needed community amenity.

Fourth, Care available to working parents.

While most of the Federal Programs to subsidize the cost of quality care are targeted to poverty level parents, a large number of parents earn too much to qualify for assistance, but cannot afford quality child care. Any block grants included in pending bills should set aside money for this purpose.

Fifth, Regulations

As a condition for receiving any Federal money under any bill that is subsequently passed, states and counties should be forced to review and revise their day care licensing standards to reflect the reality of work place based centers. For example, the condition that 100 square feet of outdoor play space is needed for every child in the center is unrealistic in suburban office parks where land is very valuable. The regulations were written in a time when the only place you put a child care center were in residential environments.

The point here is that it does not make sense to encourage the formation of work place based child care centers if the state and local infrastructure is not in place to support the creation of many of these centers.

CONCLUSION

Underlying demographic trends and a changing U.S. economy has brought women into the workplace unlike any other time in history. The parents in our consortium centers are single parents and dual income working parents. They work while raising their preschoolers primarily out of economic necessity. I'm not here to condone or condemn their decision not to stay home and raise their children. It is a fact of life that we must accept that by 1990, nearly 80% of mothers with pre-school aged children will be in the work force. About half of working mothers return to their jobs before the child's first birthday.

Women are integral part of the U.S. economy. When the U.S realized that automobiles and trucks were becoming an integral part of the U.S. economy, congress mobilized and built the infrastructure necessary to support the increased importance of automobiles, namely, a top quality national highway structure. Similarly, we must now support the creation of the "infrastructure" needed to support the huge percentage of women in the workforce.

The time has come to stimulate the creation of effective private-public partnerships to solve the day care crises. The Federal and State governments, acting as a catalyst, can spur private enterprise into solving this problem in the free market. The consortium approach for small businesses is an excellent example.

Concerned Women for America
Education & Legal Defense Foundation

Beverly LaHaye
President

POLICY CONCERNS

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THE "ACT FOR BETTER CHILD CARE" SOCIALIZATION OF OUR FUTURE GENERATIONS

I. INTRODUCTION

The "Act for Better Child Care Services of 1987" was introduced as S. 1885 in the Senate and H.R. 3660 in the House of Representatives.

The bill's proponents claim that it is designed to improve and expand child care in response to the needs of children in homes where both parents work and in homes with a single parent who works. To provide for this alleged growing need, the sponsors propose a massive Federal program, the expenditure of vast sums of taxpayer dollars, and the institutional secularization of our children all for the "betterment" of society.

The truth about this shrewdly-drafted legislation is that it is a devastating attempt to respond to the whims of special interest groups that desire the complete socialization of our society.

II. FLAWS OF S.1885 and H.R. 3660

Based Upon a Fabricated Shortage of Supply

Proponents of this legislation demonstrate the false need for child care by contrasting the growing number of mothers entering the workforce with the small increase in "licensed" facilities. Undoubtedly, mothers are entering the labor force at an increasing rate. According to the U.S. Census Bureau, only one fifth of married mothers with children under six participated in the paid labor force in 1960. Today, 35 percent of women with children under five are working full-time; with another 20 percent working part-time.

However, proponents of expansion in Federal support usually cite these statistics in contrast to the only slight increase in "licensed" centers. This contrast is inappropriate. Sandra L. Hofferth, health science administrator of the National Institute of Child Health and Human Development, stated in a report before the Select Committee on Children, Youth, and Families that an estimated 94 percent of informal care centers are unlicensed and therefore not included in the trends of supply in day care. Since 85.2 percent of working mothers use the informal care settings not included in the statistics, the supply trend in relation to demand is skewed in the interest of those promoting this legislation.

The Myth of Economic Necessity

Realizing that it is only through federal subsidization that social parenting would expand to the degree necessary to challenge parental care as the dominant form of child care, the organizations advocating institutionalization began to harp on the economic necessity of women entering the workforce. The strategy behind the advancement of this argument is to promote the necessity of government subsidies for families desiring to become more economically self-sufficient.

In reality, families are in fact under less pressure today to earn two incomes than they were in the fifties. According to Fortune magazine, "In 1956, the average male head of household with a nonworking wife earned $4,833. Adjusting for 30 years of inflation, that's $22,000. The equivalent figure for 1986 was $25,803."

Contrary to assertions by the legislation's proponents, the American economy is at an all time high. From 1981 to 1986, real per capita disposable income rose 12.3 percent, or a little over 2.3 percent per year. The median family income for the same period rose 9.1 percent.

In addition, the rate of inflation has dropped from 13 percent in 1980 to four percent in 1987 and the rate of unemployment dropped from eight percent to 5.8 percent during the same period. The misery index, a means of measuring the effects of the economy on the purchasing power of families, also dropped considerably. In 1988, the misery index is less than 10 percent down from a high of 20 percent in 1980.

Faulty Premise

Senator Dodd (D-CT) and Congressman Kildee (D-MI) have introduced this legislation under the premise that expanded Federal involvement in the area of child care is the optimal solution to the alleged child care "crisis." They propose government-provided, licensed, and regulated care with only these facilities receiving federal funds.

The result of this underlying premise will be uniform, unisex, custodial care by government-trained professionals. The similarities between this system and that of Sweden are striking. In Sweden, babies are taken from their parents a few months after birth and raised by day care professionals. The supposition is that family care is inferior to care by trained "experts." The Swedish government desires to raise children to value only the socialistic tenets of their society rather than risking moral "indoctrination" by parents.

The Dodd-Kildee program would offer the same to our children. Parental choice would be totally curtailed and parental involvement would be kept to a strict minimum. The counseling and guidance provisions in the bill open children up to liberal programs of indoctrination. These trained "experts" would be free to offer the guidance in value judgements that would normally be the responsibility of parents.

Discriminatory Provisions

The discriminatory measures this legislation would impose are beyond reproach. In fact, these provisions are so clearly discriminatory that certain members of the ABC alliance are calling for modifications.

Anti-Religious:

This legislation contains the most outrageously anti-religious provisions ever to appear in a bill. The advancement of strictly-controlled secular care is obvious throughout the legislation, but the drafters disdain for religion becomes most apparent in the provision prohibiting funds for sectarian activities with "sectarian activities" defined as those programs "promoting a particular religion or religion generally." According to the American Heritage Dictionary, sectarian is defined as "of a particular sect or sects." "Religion generally" is the direct antithesis of this definition. The use of these terms interchangeably indicates the lengths to which the proponents of this legislation will go to deter even the most casual mention of God.

The provision further prohibits services to be offered "in any classroom or other immediate space in which child care is provided unless all religious symbols and artifacts are covered or have been removed from such classroom or space." Therefore, all day-care programs offered in churches are exempt from any funding unless they are willing to hide or disguise any reference to God or their particular religion.

As if the above provisions had not "protected" the centers' secular activities enough, the drafters go one step further and prohibit any teacher or teacher's aide in a sectarian school from providing any services (paid or volunteer) to a center located on the premises of the sectarian institution.

This legislation also contains serious "Grove City" implications. Section 20(a) states, "Any financial assistance provided to a child care provider under this Act including a loan, grant, or child care certificate, shall constitute Federal financial assistance within the meaning of title VI of the Civil Rights Act of 1964 (42U.S.C. 2000d), title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), the Rehabilitation Act of 1973 (29 U.S.C. 794), and the regulations promulgated under such." The significance of this provision can be expressed using the example of a religious university operating a day-care facility. The moment this university takes one Dodd-Kildee bill certificate from a low-income mother, the entire university becomes subject to the regulation and restriction of the above listed laws.

Discriminates Against In-home Care:

By not providing funds to parents that choose to raise their children, this bill not only discriminates against parental care but it, in effect, forces these couples to pay for the privilege of rearing their children. Current reports indicate that a two-income family already makes an average of $12,000 more each year than a single-income family. If the Dodd-Kildee legislation is enacted, the single-income family will be forced to shoulder a percentage of the burden of the two-wage family's child care expenses. The relative burden of these single-income parents will increase in relation to the burden of those parents that opt for government-regulated care. What could be more unjust and discriminatory? (Note: The $12,000 figure is derived by comparing the median income of married couples where the wife is employed with married couples where only the husband is employed.)

This type of discrimination will destroy the family unit the most basic structure of our society. It will encourage, if not force, mothers who would otherwise stay at home, to institutionalize their children and seek employment.

Eliminates Parental Choice Within Group Care Facilities:

The Dodd-Kildee bill seeks to create a monopoly of government-regulated care in two ways. First, it prohibits the use of certificates (provided for in the bill and issued by the State for parents to use as payment for child care) to centers that meet the licensing requirements of this bill. If parents choose to use the certificates then they forego the chance to choose the type of care. They will be forced to use the uniform, secular care of the licensed centers.

Secondly, it provides educational grants to those students that will commit to using their child-care training in a licensed facility. Therefore, the incentive for working in a private center will greatly decrease again limiting parental choice.

These two results of the legislation will eventually eliminate private care centers and curtail any semblance of parental choice. In essence, it will pave the way for government monopolization of this highly significant industry.

Fosters Government Dependency

It is indeed ironic that this bill purports to increasing the self-sufficiency of families when it actually fosters dependency. By becoming involved in the child care industry and eliminating private centers, the government is, in essence, taking the reponsibility of raising children away from parents. Just as welfare has encouraged the false assertion that the government owes people an income, this legislation will encourage the notion that the government is responsible for raising America's future generations. Child care will be considered a right to which every parent is entitled.

Creates an Incredible Bureaucracy

This legislation creates a new bureaucracy of incredible proportion authorizing $2.5 billion for the first year in addition to undisclosed amounts for succeeding years. Using a minimum of 25 percent of the allotted funds, the Department of Health and Human Services will create the position of "Administrator of Child Care" and allow for a generous support staff under this individual. It also creates and provides expenses for a National Advisory Committee on Child Care. This vast administrative branch will use the alotted funds for administration of this program, the development and implementation of regulations and the training of staff.

States may spend up to 10 percent of their alotted funds for administrative purposes. Each state's bureaucracy will increase dramatically with the establishment of two committees, the State Inter-Agency Committee and the State Advisory Committee on Licensing.

The money that is authorized for administrative purposes, not the commitment to children, is what encourages the mounting interests of many of the members of the Alliance for Better Child Care. In assisting in the development and implementation of regulations and the training of staff, many of these organizations stand to benefit financially from this legislation. In fact, the provisions regarding state implementation are so open-ended that an independent child advocacy group could oversee the entire application of the state program.

Low Per-Child Benefit

The use of these funds for the creation of a bureaucracy lowers considerably the per-child benefit. Despite the massive amount of money authorized for this expansion, the per-child benefit averages only perhaps $700 per child. The cost of child care varies regionally but the average cost is approximately $3000. (Keep in mind that this benefit is not in the form of cash to the family but a certificate that supposedly reduces the fees paid.)

In reality, the per-child benefit to families is more in the neighborhood of zero when you consider that the increase in the per-child cost of care induced by this legislation will cancel out the reduction in fees provided for in the certificates.

Addresses the Needs of a Small Clientele

This legislation benefits a minority of employed mothers seeking child-care arrangements. The most recent reports from the U.S. Census Bureau indicate that only 14.8 percent of employed mothers use group care settings. The other 85.2 percent choose informal care either by family members or friends in the child's home or the home of another. While some would claim that these statistics are not in direct correlation with preference, it is by no means bold to assume that preference in the type and quality of care is indeed represented in these parents' choices.

III. THE ADVERSE EFFECTS OF DAY CARE

In the quest to placate certain special interest groups, the proponents of this legislation have abandoned the interests of our most vulnerable Americans. For quite some time, research on the effects of day care received very little attention. Today, extensive research has raised grave concerns regarding the medical, social, and psychological risks of group care but a coalition of day care professionals, feminists, and socialists have continued to evade and suppress the results.

Health Concerns

Group day-care centers have been described as virtual transmission centers for hepatitus, severe diarrhea, and other infectious diseases. The Wall Street Journal cites a 1982 study which refers to group centers as "significant reservoirs of infectious diseases."

The most shocking discovery is that day care may be linked to birth defects. Research has uncovered the fact that Cytomegalovirus (CMV), virtually harmless to men, children, and nonpregnant women, can cause birth defects if contracted by pregnant women. This virus, readily transmitted in day care centers, can affect the hearing, vision, brain development, and neuromuscular function of the unborn. The New England Journal of Medicine recently reported that a team from the University of Alabama at Birmingham found that "59 percent of the day-care children examined were shedding CMV and that CMV was found on toys used in the day-care center." Further antibody tests indicated that the cumulative infection rate of the day-care children examined was between 70 and 100 percent.

In 1984, The Journal of the American Medical Association reported a study of the disease Hemophilus-Influenza Type B, a potential forerunner of childhood meningitis, epiglottis, pneumonia, arthritis, and blood and skin infections, which found that day-care children were 12 times more likely to contract the disease than children cared for in the home. A Colorado study by Dr. Gregory Istre, Oklahoma's state epidemiologist, indicated that the risk doubles when children are placed in day-care facilities.

The chance of hepatitus breaking out in a day care center over the course of a year is between one and three percent. The risk doubles if diapered babies are present. Dr. Stephen Hadler, chief epidemiologist of the hepatitus branch for the Centers for Disease Control stated, "Fifteen percent of all infectious hepatitus cases in the U.S. are acquired through a day-care facility."

The risk of contracting diarrhea increases 30 percent when children are placed in day-care centers. A study of an Atlanta facility by epidemiologists from the Centers for Disease Control found that more than 50 percent of the toddlers present were infected with a diarrhea-causing bacteria called Giardia Lambia. The rate for similar children in maternal care was two percent.

Psychological and Social Risks

John Bowlby was one of the first to study the separation anxiety of children. He engaged in the psycho-analytic treatment of both children and adults and obtained three classes of evidence: (1) direct observation of the mental and emotional development of children during a term of separation from their parents; (2) studies of the histories of adolescents and adults who have developed some type of mental illness; and (3) studies which follow-up children that have experienced separation. After reviewing the data, Bowlby concluded, "They [the studies] make it plain that, when deprived of maternal care, the child's development is almost always retarded physically, intellectually, and socially...."

Bowlby also studied 800 Canadian children and concluded that "events in the child's life that caused separation from one or both parents and a mental environment which gave the child a feeling that normal love and affection were lacking, did far more to damage growth than did disease...."

Dr. Edward Levine, retired professor of social psychology at

Loyola University, states, "Parents, especially mothers during their children's early years, are crucial in assisting their children to internalize those values that are integral for the formation of self-discipline a sound conscience or character. If evaluated by the standard of children's mental health, day- care is detrimental to children's emotional well-being."

William and Wendy Dreskin founded and managed a quality day-care facility for three years. After observing the separation anxiety experienced by the children for which they cared, the Dreskins conclude, "Full-time day care, particularly group care, is not an adequate substitute for time spent with parents, and can be especially harmful for children under the age of three." The Dreskins' extreme concern for the well-being of the children in their center prompted them to shut it down.

Dr. Humberto Nagera, in his studies of childhood psychopathology found that environmental stimulation such as mother-child interaction is crucial in brain development by increasing the complexity of the pathways in the brain, stimulating the continued vascularization (amount of oxygen available to the organ), and favoring the process of myelinization (sheathing of nerve fibers).

The degree of change in the pathways of the brain (i.e. complexity) directly affects the functional capabilities and possibilities of the brain. Tests prove that stimulation is critical in this morphological process. Nagera concludes, "Possibly then, life, as is bound to happen in a day-care center situation, may well lead to an inferior quality of brain structure (fewer connections and fewer functional pathways)." It is also important to note that this process can only take place for a limited time after birth and cannot be brought about at a later date.

The process of vascularization is also unfinished at birth. In comparative species studies, the excellence of a certain function was directly related to the degree of vascularization of the area of the brain governing that function. Therefore, since the degree of vascularization directly corresponds with the amount of external stimulation, the lack of stimulation may affect the quality of performance in certain functional capabilities later in life.

Comparative species studies have also found that the sheathing of nerve fibers is directly related to functional capability. Nagera states, "Even after the fetal stage, environmental stimulation (or lack thereof) can modify developing structure in the central nervous system."

Nagera cites numerous studies that demonstrate the effects of maternal deprivation on a child's intellectual capabilities, personality, and social interaction. He concludes, "Clearly, no sensible society can afford to damage hundreds of thousands of its children by mass-producing and officially condoning, institutionalizing and supporting child-rearing practices known to produce such disastrous results."

IV. THE PROPONENTS' TRUE AGENDA

Discussion of the basic flaws and potential effects of this legislation uncovers the proponents true agenda. Ranging from the bill's foundation on a fabricated need to its detrimental effects on the family unit, it becomes obvious that the objective of this legislation is not to benefit children but instead use them as mere pawns in the proponents' artful strategy to move us toward a more socialistic society.

Child Care's Link to Feminism

The Declaration of Feminism states, "...the fact that children are raised in families means there's no equality ... in order to raise children with equality we must take them away from families and communally raise them."

For the first 180 years of our country, the responsibility for raising children was considered to be the family's. It was not until the 1920's that "professionals" in the field of sociology began to claim that the family was unable to fulfill its responsibility and therefore "experts" would have to step in and assist. The claims by these so-called professionals opened the care of our children to a vast amount of speculation.

In reality, this move was not a reaction to a need but rather the first attempts at taking children away from parents and placing them in an environment conducive to developing independent moral standards and values. Then-prominent social psychologist George Mead stated, "Gender-free, noncompetitive playthings properly presented in a day-care center, could produce a new generation of children, trained to be independent in their moral judgements yet cooperative in their social activities."

In 1930, The White House Conference on Children publicly espoused the judgements of these experts and issued a statement saying, "If the grouping of little children for a few hours each day for educational activities and for habit-training through nursery schools is found to be desirable in itself, then this service should be extended on behalf of children generally, regardless of the economic status of the family."

Day care centers sprang up throughout the country and organizations rushed to provide funding. Credibility for social parenting had been established.

The next 30 years witnessed the increase of Federal intervention in child care to meet the demands of national emergencies. World War II initiated an increase in child care to meet the demands of those mothers who entered the labor forces of defense factories. But the end of the war brought an end to any programs that had been established. The role of parenting was returned to the family. However, the precedent of social parenting had been set.

The early 1960s witnessed the next shift in ideas regarding motherhood. Again,"experts," using faulty logic and distorted facts, belittled the mother's role in a child's emotional development. The speculation these arguments created was immediately seized and used by the radical feminists gaining prominence during the late 1960s to alter the child-care issue and make it an issue of "equality."

Feminists claimed that motherhood oppressed women and that true equality would never be reached until women were removed from this responsibility. In order to remove women from this oppressive role, the feminist movement revived the devastating precedent of "social parenting." They committed themselves to convincing the American public that the government bears the ultimate responsibility for raising the nation's future generations.

At the National Organization for Women's national convention in 1970, the organization declared, "Child care must become a political priority," and called for the establishment of a coalition "to exert pressure on the power structure of labor, industry and government to immediately make available facilities, funds, etc. and to grant tax deductions for quality child care."

Betty Friedan, a prominent leader in the women's liberation movement, used her book, The Feminine Mystique, to communicate the idea that women must leave the home and seek a position in the work force to discover their true identity. Friedan argued, "By choosing femininity over the painful growth to full identity, by never achieving the hard-core of self that comes not from fantasy but from mastering reality, these girls are doomed to suffer ultimately that bored, diffused feeling of purposelessness, non-existence, non-involvement with the world that can be called 'anomie', or lack of identity or merely felt as the problem that has no name." Of course, Friedan's solution to work outside the home was not generated out of her care for this "doomed" generation of young girls but was generated from her desire to break the bonds of the nuclear family. In 1981, prominent feminist author Vivian Gornick echoed Friedan's sentiments when she wrote, "Being a housewife is an illegitimate profession...the choice to serve and be protected and plan towards being a family-maker is a choice that shouldn't be. The heart of radical feminism is to change that."

The feminists' commitment to federal care as the dominant form of child care grows stronger with each passing year. In fact, the National Organization for Women (NOW) passed the following resolution at its 1986 national conference: "BE IT RESOLVED that: NOW supports full public funding of early childhood education/child care starting in infancy and continuing through primary and secondary school in a variety of child care arrangements."

Feminism and Socialism: One In the Same

Clearly, not all of the proponents of this legislation would label themselves feminists but the fact remains that the feminist movement and the movement toward a more socialistic society are one in the same. Both movements espouse the basic philosophies of humanism in which, as prominent feminist Gloria Steinam phrased it, "children are raised to believe in human potential not God." The Humanist Manifesto states, "At the present juncture of history, commitment to all humankind is the highest commitment of which we are capable; it transcends the narrow allegiances of church, state, party, class, or race in moving toward a wider vision of human potentiality."

Marx wrote, "Social progress can be measured with precision by the social position of the female sex." Lenin wrote, "It is impossible to win the masses for politics, unless we include the women.... We must win the millions of working women in city and village for our cause, for our struggle, and in particular, for the communistic transformation of society. Without the women there can be no true mass movement."

The socialists' desire for the abolition of private property and the communalization of the means of production goes hand in hand with the feminists' desire to create a collectivist society that recognizes no individuals and undermines the family unit. Marx and Engels, in the Communist Manifesto stated, "On what foundation is the present family, the bourgeois family, based? On capital gain, on private gain. In its completely developed form this family exists only among the bourgeoisie. But this state of things finds its complement in the practical absence of the family among the proletarians, and in public prostitution. The bourgeois family will vanish as a matter of course, when its complement vanishes, and both will vanish with the vanishing of capital."

The proponents of this legislation expose their true objectives in the numerous references this legislation makes to the training of "productive workers." In fact, Marilyn Smith, executive director of the National Association for the Education of Young Children, a member of the Alliance for Better Child Care, states, "A wide variety of groups including the Council on Economic Development are calling for investment in high quality early childhood programs as an integral part of a strategy to prepare the next generation of workers."

In essence, the government's acceptance of the primary responsibility in child care would greatly enhance the move toward a proletarian society. The family unit would be dissolved and these child-care centers would be free to serve as vehicles in the socialization of future generations with acceptance of their newly created roles as unisex and valueless automatons. The socialists' battle would be won with the introduction of these "licensed indoctrination" centers.

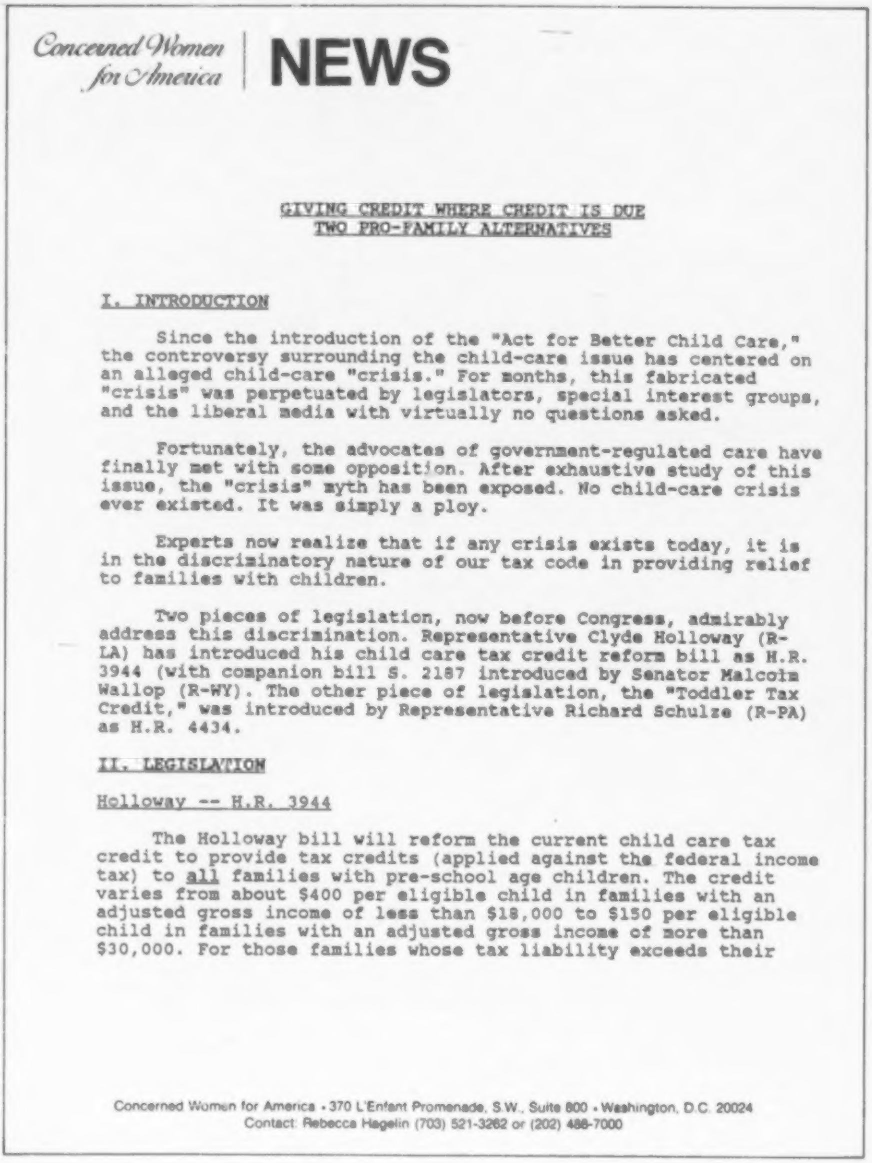
V. CONCLUSION

Concerned Women for America sympathizes with the mothers today that have no choice but to work. However, the "Act for Better Child Care" and its licensed centers are not a solution for those parents struggling to provide a healthy, positive environment for their children. In fact, placement in these centers would sacrifice the quality of life for a child.

In evaluating future legislation, it is important to remember that the solution need not emanate from Washington. Beware of mushrooming entitlement programs that would benefit only a small constituency at the expense of our children and/or private sector alternatives.

Above all, responsible legislation must recognize our children for what they are the future of America. If America is to continue to exist as we know it, responsibility for instilling morals and values must remain within the family. The freedom we enjoy in this nation depends upon our renewed commitment to this God-ordained institution.

NOTE: CWA is currently considering two pieces of alternative legislation. Each of these bills, one introduced by Representative Clyde Holloway (R-LA) and the other by Representative Richard Schulze (R-PA), involves reform of the current child and dependent care tax credit to include a credit for all children under mandatory school age. Both bills are based upon sound principles and channel support directly to the family rather than federal and state bureacracies and child-care providers. Further information regarding these two bills will be available in the near future.



Concerned Women for America | **NEWS**

GIVING CREDIT WHERE CREDIT IS DUE
TWO PRO-FAMILY ALTERNATIVES

I. INTRODUCTION

Since the introduction of the "Act for Better Child Care," the controversy surrounding the child-care issue has centered on an alleged child-care "crisis." For months, this fabricated "crisis" was perpetuated by legislators, special interest groups, and the liberal media with virtually no questions asked.

Fortunately, the advocates of government-regulated care have finally met with some opposition. After exhaustive study of this issue, the "crisis" myth has been exposed. No child-care crisis ever existed. It was simply a ploy.

Experts now realize that if any crisis exists today, it is in the discriminatory nature of our tax code in providing relief to families with children.

Two pieces of legislation, now before Congress, admirably address this discrimination. Representative Clyde Holloway (R-LA) has introduced his child care tax credit reform bill as H.R. 3944 (with companion bill S. 2187 introduced by Senator Malcolm Wallop (R-WY). The other piece of legislation, the "Toddler Tax Credit," was introduced by Representative Richard Schulze (R-PA) as H.R. 4434.

II. LEGISLATION

Holloway -- H.R. 3944

The Holloway bill will reform the current child care tax credit to provide tax credits (applied against the federal income tax) to all families with pre-school age children. The credit varies from about $400 per eligible child in families with an adjusted gross income of less than $18,000 to $150 per eligible child in families with an adjusted gross income of more than $30,000. For those families whose tax liability exceeds their income, the credit is refundable from the amount paid during the year in Social Security taxes.

Families who wish to distribute the cash benefit throughout the year will fill out a W-5 form to reduce the cash withheld from each paycheck.

The cost for the Holloway bill will be $600 million in addition to the $3.9 billion currently allotted in the discriminatory child care tax credit. Since the Department of the Treasury's projected cost of the existing credit is $4.565 billion for 1989, the Holloway bill is a revenue-neutral proposal.

Schulze -- H.R. 4434

The Schulze bill provides a tax credit of $750 for each child under six to families with adjusted gross incomes over $13,000. These tax credits will be applied against federal income and social security taxes. For those families whose tax credits exceed tax liabilities, the balance will be refunded in cash.

For families with incomes of less than $8,000 per year, this bill will provide for a cash refundable "earned income tax credit for young children" (EITC/YC). This EITC/YC will be in the form of a wage supplement of $15 for each $100 earned by the parent for the first child under 6. A wage supplement of $10 for each $100 earned will be paid for each additional child under 6.

Those families that earn between $8,000 and $13,000 will receive a reduced EITC/YC rate per child. For each child under 6, the rate will be 5.75 percent of each $100 earned.

This "Toddler Tax Credit" will replace the existing tax credit for children under six. It will also limit eligibility for the EITC/YC to families with working parents. Families in the Aid to Families with Dependent Children program will not be eligible.

A phase-in period of five years is planned for this legislation. It will cost approximately $300 million for the first three years and provide tax cuts totaling approximately $2.2 billion. By the fifth year, tax relief for families with young children will exceed $7 billion per year. Provisions also provide for indexing against inflation of the tax credits and the income levels used in determining the EITC/YC after the fifth year.

III. BENEFITS OF THESE LEGISLATIVE PROPOSALS

These two legislative proposals are superior to any of the other pending legislation for numerous reasons.

Reforms in the Current Child Care Credit

The current child care tax credit provides benefits to only those families where both parents are employed. Each of these bills eliminates the discriminatory child care portion of the current child and dependent care tax credit.

Benefits a Greater Number of Children

These proposals provide tax benefits to all families with young children rather than channeling benefits to the children of employed parents only. H.R. 3944 and H.R. 4434 will benefit 20 million and 18 million children respectively rather than the estimated 10 million children that benefit from the current tax credit and the 700,000 children that will benefit from the ABC bill.

No Religious Discrimination

Neither of these bills would provide for any government restriction or intervention in church-based, day-care centers.

No discrimination against In-home or Informal Care

H.R. 3944 and H.R. 4434 benefit all families regardless of the employment status of the mother or the care choices of the parents. The current child care tax credit only provides tax benefits if the mother is in the paid labor force. The ABC bill discriminates against care in the home by a parent or relative and informal care by a non-relative by providing benefits to only those families that place their children in a prescribed type of federal care.

Increases Parental Choice

These proposals offer greater parental choice as to the type of care by directly increasing purchasing power. Under either of these legislative packages, parents will be provided greater means with which to afford the type of care that best meets the needs of their family. The ABC bill limits parental choice by providing benefits for only one type of care.

Primary Responsibility for Care Remains within the Family

Other legislative proposals pending before Congress assume that children would be much better off in the hands of government-trained "experts." For this reason, these destructive proposals use certificates that are only redeemable at government-regulated centers. The Holloway and Schulze bills channel the benefits directly to the family, leaving parents with the responsibility for the type of care.

No Bureaucracy

Neither the Holloway nor the Schulze bill provide for any new bureaucracy or give any additional power to the federal government. All other day-care bills now before Congress would increase the size, power and expenses of the Federal goverment. (Note: Licensing responsibilities would be left at the state level where they belong).

Higher Per-Child Benefit

Since the Holloway and Schulze bills do not provide for the administrative expenses of a new bureaucracy, the per-child benefit offered in each of these bills is significantly higher. The Holloway bill allots $150 to $400 per child. The Schulze bill allots $750 per child. As written, the ABC bill appears to provide as much as $750 per child but the outlays for administrative costs make this impossible. In reality, it would offer no real per-child benefit since the cost increases induced by this legislation would cancel out the minimal benefits provided for in the certificates.

IV. BASED UPON SOLID PRO-FAMILY PRINCIPLES

In sharp contrast to the "Act for Better Child Care" and the current child care tax credit, these legislative packages are clearly pro-family. Each eliminates the anti-family bias of the current child care tax credit and provides a means with which the family can continue to perform its traditional functions.

Likewise, each bill strengthens parental rights rather than eroding them with government intervention. These proposals clearly convey the message that the primary responsibility for children rests and should continue to rest within the family.

At a time when the federal government is attempting to invade every aspect of our lives, these bills take a stand for freedom from oppressive intervention. Each proposal returns government to its role of supporting the independent family unit rather than undermining its authority.

V. CONCLUSION

The current discriminatory tax provisions which threaten the stability of the family must be eliminated. The spiritual and emotional development of our future generations depends upon our commitment to this task.

America's children must learn the importance of individual responsibility but they will never learn if we do not support legislation which provides for personal responsibility rather than dependence upon governmental regulation.

received
5-6-88

State of Tennessee

NED McWHERTER
GOVERNOR

May 4, 1988

The Honorable Ike Skelton, Chairman
Subcommittee on Procurement
House Small Business Committee
Rayburn House Office Building
Washington, DC 20515

Dear Chairman Skelton:

Thank you for the invitation to appear before your committee. While a prior commitment prevents my personally being with you, I am pleased to lend my support to the Extended School Program in the Murfreesboro City Schools and urge your dissemination of information about this and similar programs.

The problem of providing child care for working families in Tennessee has grown in such proportions that it is no longer a women's issue or a family issue; it has become an economic issue. The costly repercussions of inadequate child care have grabbed the attention of employers. However, attempts to provide on-site child care pose at least two major obstacles: construction costs and liability insurance coverage.

I certainly would be remiss if I inferred that our concern over quality child care is, or should be, strictly an economic one. The quiet victims are the children themselves--and usually the children who are least able to protect themselves, who already are handicapped by their socio-economic backgrounds or previous family crises such as divorce and drug or alcohol abuse. These children are the least likely to spend time after school with homework and the mostly likely to join the ranks of high school dropouts.

There are more than 65,000 school-age children in Tennessee who go home alone each day. By pooling our resources, we can assure these youngsters of not only adult supervision and companionship but a quality education program as well.

This year my administration introduced, and the Tennessee General Assembly passed, a bill giving statutory authority to local school boards to utilize school facilities for before and after school care. This proposal came after one of my staff members visited the Extended School Program in Murfreesboro and talked with the educators, children, and parents.

The key to the success of such a program is to provide quality at a low cost. In order to accomplish this objective, our legislation permits the use of career level teachers, who are on extended contracts, for additional work in the development of curriculum, in enrichment projects, and in administering the child care program. We in no way are suggesting that these individuals serve as "babysitters". We view their role as a critical one in the areas of enrichment and remedial services.

We currently are working with two other groups: the business community in regard to providing all or a portion of the fee as an employee benefit and higher education in pursuing course credit for college students who serve as caretakers ✓ in the before and after school programs across Tennessee.

4 staff people

Since it is estimated that by 1990 two-thirds of all women will work outside the home, it is imperative that government address seriously and quickly our child care problem. Any contribution I can make toward this end will be my privilege.

Sincerely,

Ned McWherter

Ned McWherter
Governor

jjb